NATION'S BUSINESS



FEBRUARY · 1932

SELLING

"Everybody Buy" is a fine idea but what makes everybody buy is energetic selling

See page 17

WASHINGTON LETTER

A quick moving Washington newsreel on railroads, tax bills and foreign debts

See page 19

TAXES

Signs of a nation-wide revolt against increased spending by Government

See page 33

PUBLISHED BY THE
U. S. CHAMBER OF COMMERCE
MERLE THORPE, Editor



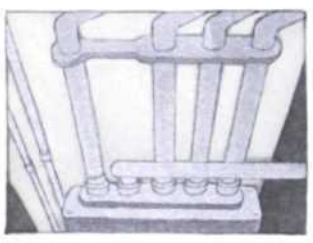
R-r-r-rip go the old blueprints

. . . as engineers re-design all transportation

The light, strong alloys of Alcoa Aluminum, combining great strength with light weight, create the opportunity for *entirely new designs* in virtually every form of transportation—truck, bus, railroad, coach, street and subway car, airship and airplane. They enable engineers to plan units which will travel faster, increase the safety and comfort of travel, and do all this at greatly reduced costs of operation.

You see and hear every day of these new achievements of transportation engineers; giant trucks which haul 50% greater loads because the truck bodies are made entirely of Alcoa Aluminum; buses which travel faster at lower cost, thanks to their "aluminized" construction; "aluminized" railroad coaches and subway cars whose lighter weight makes possible faster schedules; the DO-X soaring over continent after continent; the giant Akron, the world's greatest achievement in lighter-than-air craft. All of these units have been made possible through the use of the light, strong alloys of aluminum.

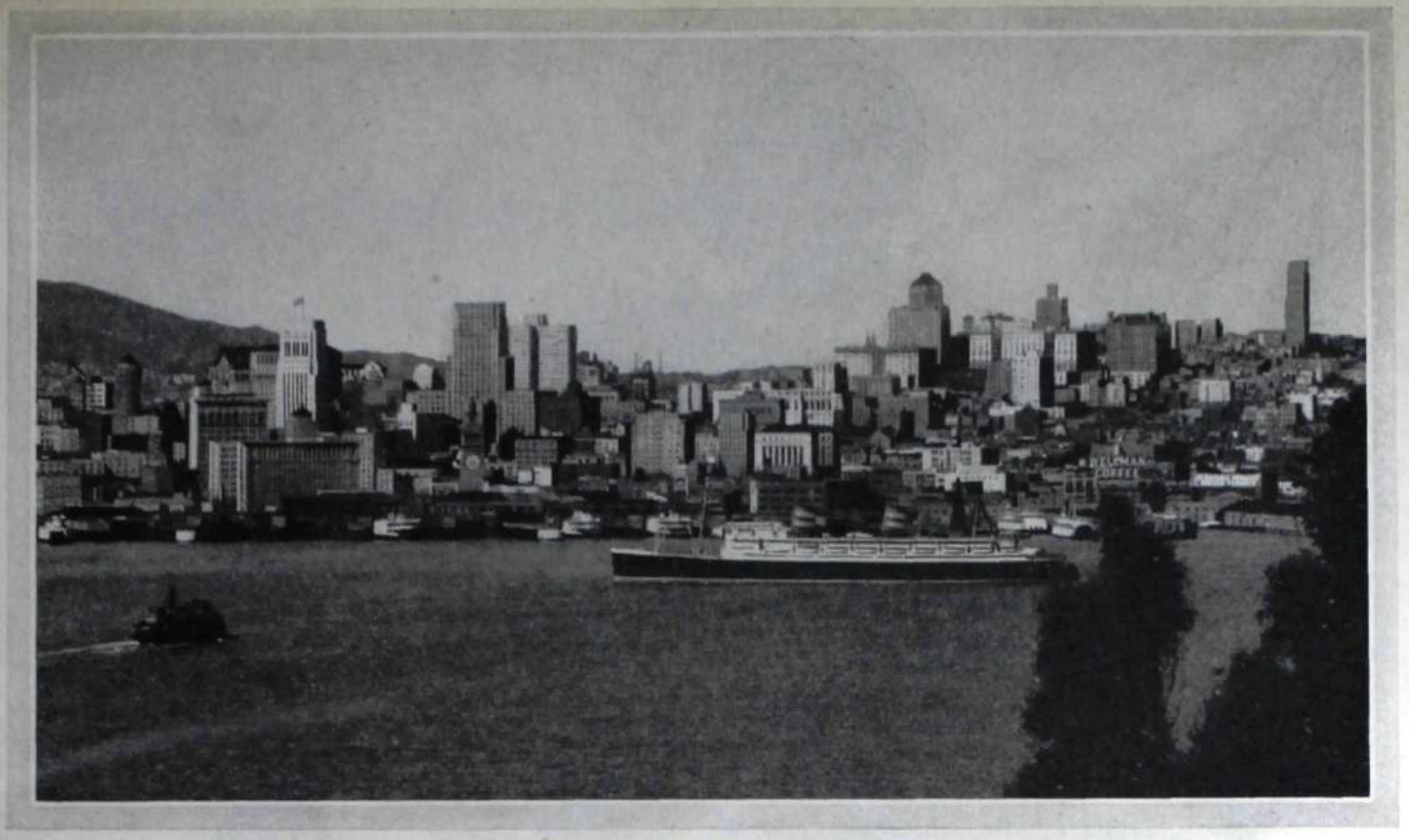
Alcoa Aluminum alloys are obtainable from stock in all the forms necessary for metal-working. They can be cast, stamped, pressed or forged. They are readily plated with chromium or nickel. They are rolled into structural shapes and sheets; and made into rivets, bolts and screws. These strong aluminum alloys are also rolled into plate in sizes up to 85 feet by 36 inches by 3/4 inch and 35 feet by 120 inches by 3/4 inch. Write for the handbook, "Alcoa Aluminum and Its Alloys." Please address ALUMINUM COMPANY *of* AMERICA; 2425 Oliver Building, PITTSBURGH, PENNSYLVANIA.



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ALCOA ALUMINUM



Discover San Francisco this year!

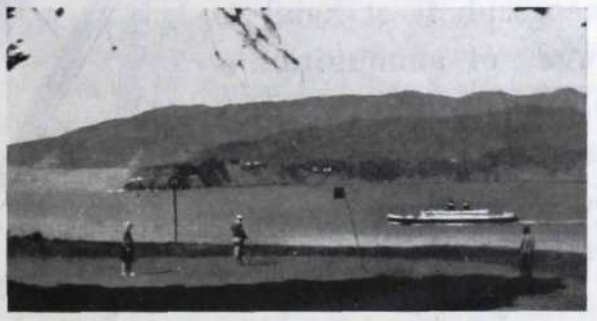
1932 will be a year of many conventions and significant association meetings in California and other Pacific Coast states. To some of these you will surely be invited and we hope that you will come; also, that you will visit San Francisco.

When you see San Francisco you will know why its development has been so great in the last decade. For one thing, its colorful background and rich, individual character have never become mere history. This city is as thrilling today as it was when the first loud cry of "Gold" drew people to it from around the world... This city that was never a village!

The depressing years have touched this city much more lightly than most others. San Francisco has not stood still. 12 million people who live west of the Rocky Mountains have high average incomes and high living standards today, as they had three years ago, and San Francisco is busy in their service. Furthermore, you will see an endless stream of ships carrying on a growing commerce with 900 million Pan-Pacific people; people who look at America through San Francisco's Golden Gate....

It is not enough to know that San Francisco centers the whole Pacific Coast, both geographically and with respect to population; that it is headquarters city for the leading business interests of the West; that it lies in the midst of an all-year 'round outdoor-land where neither winter cold nor summer heat spoils invigorating days ...Statistics can't tell San Francisco's story. You must know this city intimately. Come West this year... *discover San Francisco!*

If there is any information that you need to help you plan your western trip, or any data that you would like to study on the way, write Californians, Inc., Room 1302, 703 Market Street, San Francisco. If you plan a California *vacation*, ask for the illustrated book *Your California Vacation and San Francisco.* There is no obligation.



SAN FRANCISCO

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Nation's Business is published on the 30th of every month by the Chamber of Commerce of the United States. Publication Office, Washington, D. C. Editorial, Advertising and Circulation Offices, 1615 H Street, N. W. Washington, D. C. Subscription price $3.00 one year; $7.50 three years; 25 cents a copy. Entered as second-class matter March 20, 1920 at the Post Office at Washington, D. C., additional entry at Greenwich, Conn., under the Act of March 3, 1879



BUSINESS WARRIORS

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EDISON-DICK MIMEOGRAPH CHICAGO

From a Genuine Letter From an Old Fashioned Father To His Son—

December 14, 1931

Dear Son:

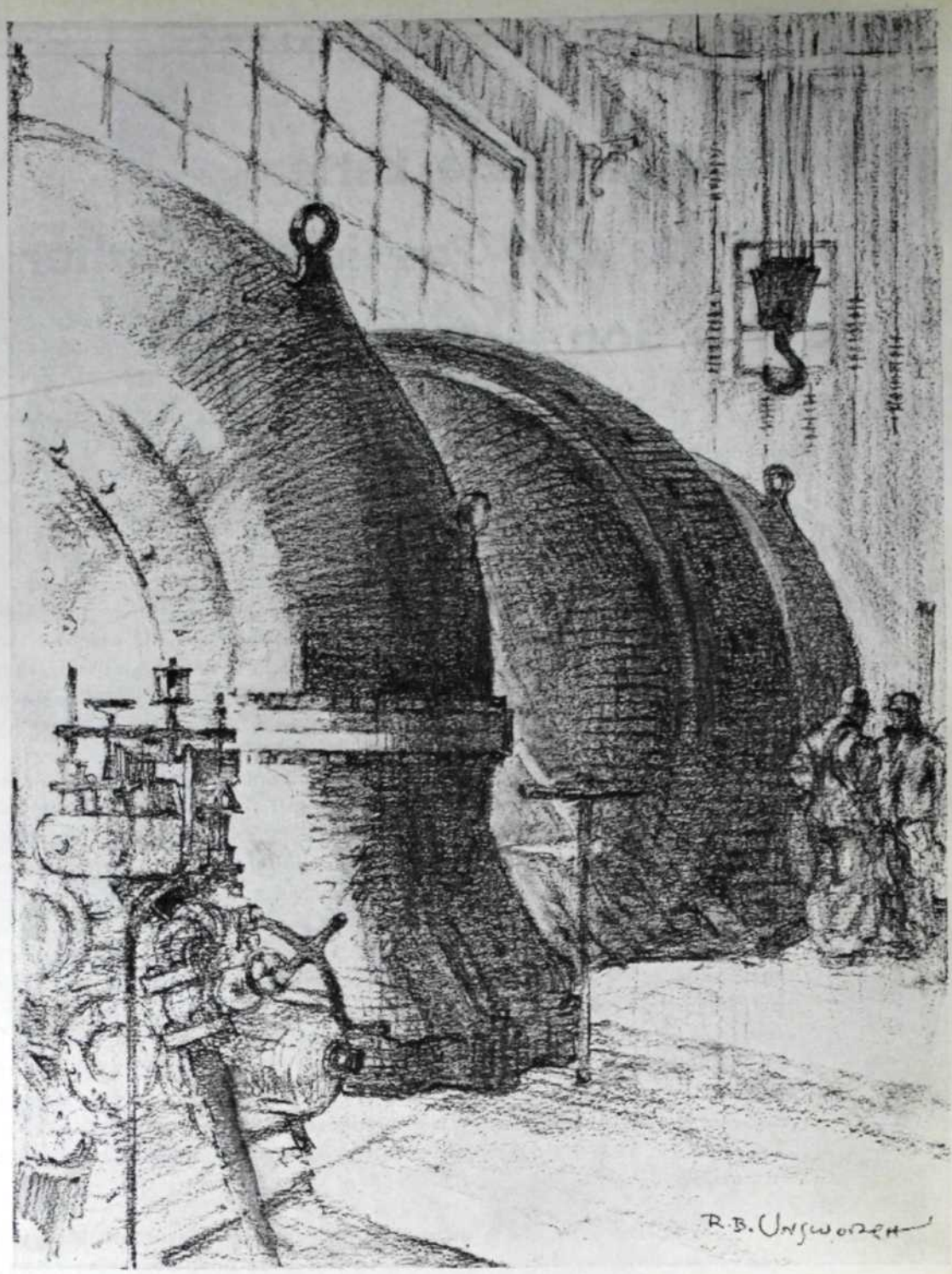
Your letter greatly interested me. I can see what a tough time you fellows are having. The only consolation I can offer you is the thought that you would be worse off in jail or amongst the Japanese in the Manchurian trenches or in the hospital with a broken leg or standing in a bread line or having to make a speech or sing a song in public when you have nothing to say and can't sing. Oh, there are a thousand ways in which we might be worse off. Just the same we surely are going through most perilous times. But the world has gone through worse and the sun has come out again and life has gone on. Did you ever read about the black death or the hundred years' war in Europe? * * *

I remember once when your grandfather Tibbals lost four hundred dollars in a bad loan. It meant a lot in those days. Somebody was pestering him with lamentations. He said, "You haven't heard me squeal, have you?" Fine old fellow! Well, son, I figure it this way——you and I have enough to eat and a house to live in. There are a hundred million other people in this country. Of course, most of them are awfully stupid and are just going round in silly circles and hollering and there does not appear to be any Moses to lead us to the promised land. But we don't need any other land and the promises are inherent in the situation and do not depend on politicians or bankers. These hundred millions are going on eating and wearing out clothes and needing houses and automobiles and everything else. Also, we have plenty of resources by which these things are going to be supplied and the "captains of industry" have just enough intelligence and initiative to keep up the supply. So we shall go on living and making and buying and selling so that soon we shall either find things adjusted or we shall be adjusted to things as they are. I don't suppose I shall ever get back all the money I merrily "invested" in 1929. Maybe not——anyway I am happy and intend to stay so as long as possible. * * *

The worst feature of the situation to my mind is the fact that Congress is "setting." They won't hatch anything. If they would only sit and go to sleep then there would be hope in that. About the most foolish thing I know is picking on Hoover. Why should he be expected to devise some miraculous scheme by which prosperity might be brought back over night? If he had such a device it would not be worked. God himself might propound such a plan but if he were either a Republican or Democrat the other side would viciously oppose him. No——things must work out of themselves and they will. Probably many heads will fall and not the right ones. That is how it goes. When the people are in a state of mind they just hit the biggest heads whether those of friend or foes. Then they calm down, clear up the mess and go to work. * * *

THE WALL STREET JOURNAL

THE EIGHT LARGEST POWER COMPANIES IN CALIFORNIA, serviced by Bank of America, employ 35,000 people and have an investment in properties and equipment in excess of one billion dollars. As depositors in this Bank, they receive the full assistance of 410 branches in 243 communities in carrying on their widespread operations . . . How can this statewide banking institution serve you? Write Bank of America, San Francisco or Los Angeles.



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NATION'S BUSINESS for February

VOLUME 20 NUMBER 2

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MERLE THORPE, Editor and Publisher

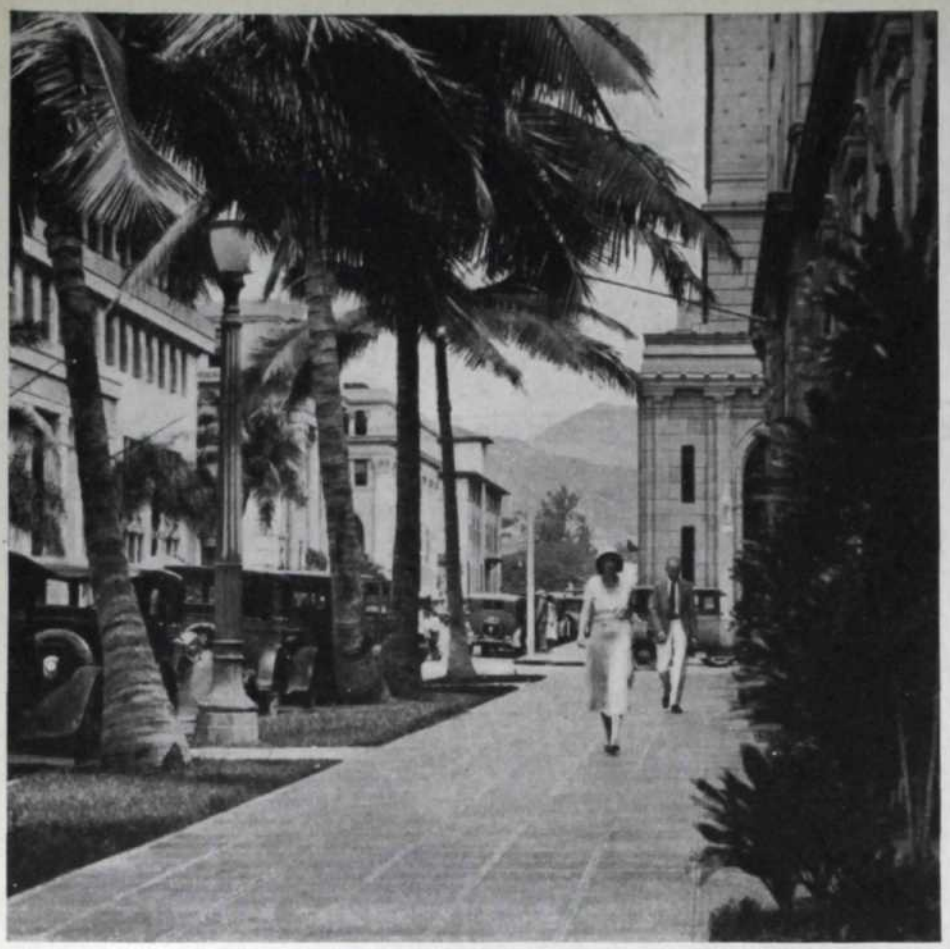
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5 Minutes from Waikiki

DOWNTOWN HONOLULU, locale for the National Foreign Trade Council—May 4-6, need make no apologies on the score of *beauty*. However, to the great majority, its charm is mostly in the fact that world-famed Waikiki Beach is but 5 minutes distant.

We know no better reason for a trip to Hawaii than Hawaii itself, but the great conventions in Honolulu and on the Pacific Coast provide the very best of business reasons. Think of Hawaii in connection with these conventions! (But don't forget your golf clubs.)

*National Foreign Trade Council, *Hawaii* . . May 4 to 6, 1932
U. S. Chamber of Commerce, *San Francisco*, May 15 to 21, 1932
*4th Pacific Rotary Conference, *Hawaii* . . June 12 to 14, 1932
Rotary International, *Seattle* . . . . . June 20 to 24, 1932

*With direct steamer connections for the Mainland meeting.

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You can comfortably make the roundtrip from the Pacific Coast, *all expenses included*, for less than $300. And you can pleasantly crowd Hawaii into a three weeks holiday.

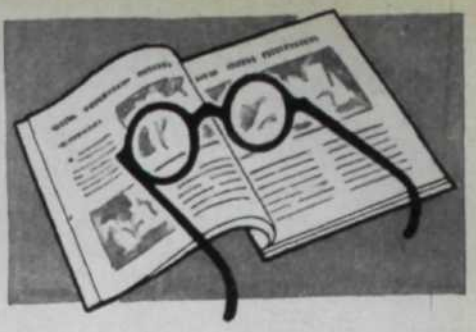
SPECIAL CONVENTION STEAMSHIP AND HOTEL RATES

The Hawaii Tourist Bureau will, upon request, mail you FREE, *authoritative information about the Islands. For special booklet illustrated in full color, send 10c to defray handling charges.*

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Through the EDITOR'S SPECS

"My heart is sore pained within me: and the terrors of death are fallen upon me. Fearfulness and trembling are come upon me, and horror hath overwhelmed me."
—PSALMS 55: 4-5.

IF I close my eyes and try to get a single impression from all the conversations, letters and readings I have had during the month, that impression can be expressed in one word. The word is "bewilderment."

Perhaps "perplexity" is the better word to describe the state of mind in which the country finds itself at the beginning of 1932. This is true of economists, practical business men, politicians, statesmen and professional men. Thoughts and faculties are, by turn, drawn in different directions, resulting in contrasting or contradictory conclusions.

♦

WE HAVE almost reached the next stage, that of "confusion," in which mental faculties are thrown into chaos. But it is evident that the clear and distinct action of the different powers of the individual, such as perception, memory, reason, and will is well-nigh lost.

When one loses his way in the mountains it may cause him the greatest perplexity, and he becomes bewildered when he has tried one path after another and loses his bearings completely. Many who have been amazed to find that they lost their well-tried and known business paths, are completely bewildered and wonder if they shall ever find them again. The world today is full of perplexity.

♦

PRICES on the stock exchange, as our Wall Street reporter points out, do not represent values. Many a corporation could buy its own stocks and bonds at market prices and have a sizable amount left over.

Surpluses in food, building material, cotton and wool, and yet thousands of

ADVICE TO MEN

who are discouraged

with present conditions

BUSINESS today is new and complex. There is a new sales strategy, new production methods, a new export situation, new methods of determining security prices, a wave toward bigger consolidations, a new banking and real estate situation—in short, an entirely new era of business.

The old rules no longer work. This is a sober fact: from now on you must know the new rules if you want to make progress.

Some men are acquainting themselves with new business methods by actually taking time off to attend University Schools of Business. Others, in increasing numbers, are enrolling for the NEW Service offered by the Alexander Hamilton Institute.

Just where you acquire your knowledge of this new business strategy doesn't matter. The important thing is to *get that knowledge somehow*—not next week—not next year—but NOW.

This Booklet tells about the Exceptional Income Opportunities in the next 5 years

THE Alexander Hamilton Institute has published an interesting 44-page booklet. This booklet points out the exceptional income opportunities for exceptional men which will occur in the next 5 years. It also announces an unusual Service, available to you *in your own office or home,* which enables you to prepare yourself to take advantage of these rich opportunities.

The ablest business minds—the men who have had most to do in shaping present-day tendencies—have contributed greatly to this new Service. Read the names of a few of them: Alfred P. Sloan, Jr., *President,* General Motors Corporation; Bruce Barton; Dr. Julius Klein, *The Assistant Secretary,* U. S. Department of Commerce, and H. T. Parson, *President,* F. W. Woolworth Company.

Men who are satisfied with departmental jobs and small earnings will not be interested in this type of Service. It is offered to the kind of men who want to become officers of their companies or go into business for themselves.

The booklet, "What an Executive Should Know," is well worth half an hour of your time. Many men have said that in 30 minutes it gave them a clearer picture of their business future than they ever had before. Send for it today.

To the ALEXANDER HAMILTON INSTITUTE, 602 Astor Place, New York City.
(In Canada, address Alexander Hamilton Institute, Ltd., C. P. R. Bldg., Toronto.)

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our citizens in need of those things. Fear in many quarters, of what our political leaders may do or may not do. Doubt, here, because of the record of political leadership in 21 governments overthrown last year, and failure in our own country of many well-intentioned remedies to cure or even to palliate.

Professional relief workers throwing up the sponge, denying their own philosophy, requesting federal aid for the unemployed.

♦

MEN, noted for their saneness of thinking in other times, now well-nigh hysterical, advocate the first step which led New Zealand, Australia, Germany and Great Britain into a state bordering on dissolution.

They learn no lesson from Great Britain, which took an innocent step toward unemployment insurance, only to find herself swept into the maelstrom of a vested interest, whose life depended upon keeping alive the condition which it set out to destroy.

Imminent revolts by taxpayers against taxes, with men desperate at the thought of losing their homes, yet a disregard of that which causes those very taxes—increased activities of government.

These are only a few of the paradoxes which distract the mind, bringing on doubt, anxiety, confusion and bewilderment.

♦

WE have attempted in these pages to clear up some of the questions which bewilder. The reader will find why and how certain firms are doing better than usual in "They'll 'Buy Now' If We'll 'Sell Now'"; the multitudinous and multifarious viewpoints on national economic planning; how the overhead charge of taxation upon industrial activity is being considered in a score of places, as well as certain observations on federal expenditures; the prostitution of the good name of insurance to meet demands of political and social ends ("The Political Betrayal of Insurance"); the paradox of conservation of natural resources and federal laws which encourage waste of those natural resources ("Should the Law Compel Waste?"); together with a news reel of Washington probabilities ("What's Likely in Washington?").

Following the policy of NATION'S BUSINESS to let in the light on controversial questions, this month in "Who Pays for the Roads the Truck Uses?" the other side of the case presented recently in these columns by Commission-

er Porter of the Interstate Commerce Commission is given.

In an effort to clear up some of the fallacious thinking about the sales tax, about former depressions, about advertising, we present authoritative information on these subjects.

♦

THE Carping Critic dropped in and slumped into an easy chair.

"Your magazine," he said, "is not covering the important news of the day. Now, I have some suggestions—"

"Write them out," the editor said, as he continued his scrutiny of governmental expenses for 1924 as compared with proposed expenses for 1932.

Here is what the Carping Critic wrote out, together with his comments:

1. Why does the snuff-box in the Senate have to be replenished? Why are the quill pens in the Supreme Court still sharpened?

2. What hope when fourteen Republican telephone girls on the Capitol switchboard were replaced by Democratic girls?

3. Why a bill appropriating $110,000 to the widows or mothers of Congressmen who died during the year. O. P. M. (Whatever that means—Ed.)

4. Senator Brookhart announces that the wealth of the country during 50 years has increased only 4% a year; and q.e.d. anyone who has received more than 4% has robbed somebody. (The Carping Critic observes: The Senator receives direct salary of $10,000. He is therefore capitalized at $250,000. On the same basis the Congress is capitalized at $145,000,000.)

5. Another solon reports (erroneously) that wages have been reduced in the United States 28% during the last ten years. (C.C. observes: The wages of Congressmen have been increased 33⅓% in the last six years. O. P. M.)

6. Congress asserts the need of the hour is to bring business back to normal. Later in the day attacks the businesses which have been able to pay dividends. Still later votes to investigate successful businesses. Why?

The editor resumed his study of increased governmental expenses as the Critic carped his way out.

♦

TWO minutes later this letter was dropped on his desk:

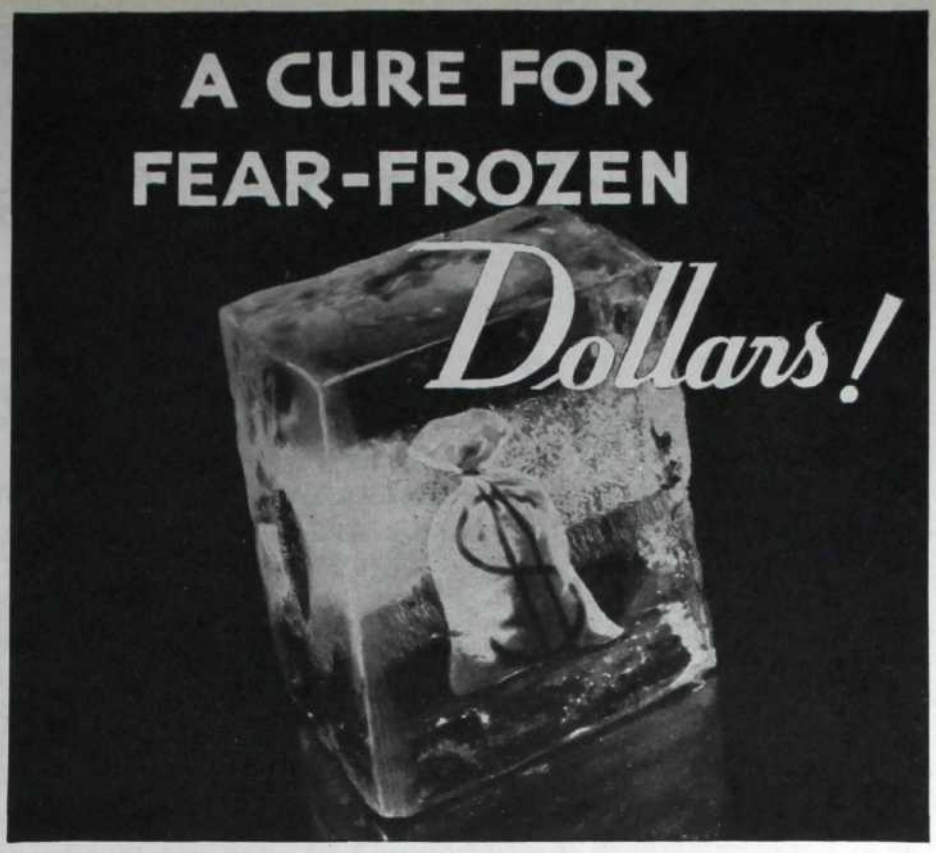
To the Editor of NATION'S BUSINESS:

I am an ex-postmaster, a political postmaster. I served eight years as postmaster because I was formerly county chairman. I received good pay and all the while I carried on my own business and devoted no more than an hour a month to my duties as postmaster.

The assistant postmaster did all the work. He did the work for my predecessor and is doing it for my successor.

There are several thousand such postmasters now on the government payroll, drawing from twenty-five to thirty million dollars a year and doing as I did—no work, except to look after their own private in-

(*Continued on page 82*)



How to Correct an Economic Ailment that Prolongs Depressions

IT HAS happened before—many times—this aftermath of panics and depressions which sees tremendous cash surpluses piled up, the money wealth of the country idling in huge repositories—hidden away—hoarded, out of circulation. Dollars—frozen by Fear!

It is natural, human—yet, is it sound? Vivid recollections of losses prevail. Financial reverses. Estates shrunken to a fraction of their true worth. The spectre of poverty in old age stimulates the natural instinct to hoard.

And yet one of the simplest, surest, most effective ways to financial security in later years—to a permanent unshrinkable estate that is certain whether you live or die—is life insurance. It achieves your goal immediately—today! It is flexible—designed to meet changing needs.

Life insurance too, helps thaw those fear-frozen assets so greatly needed for the return of prosperity. The premiums are immediately put to work in constructive enterprises for the good of the country as a whole.

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CONDENSED STATEMENT OF CONDITION

At the close of business, December 31, 1931

RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	$75,080,397.80
United States Government Securities	71,406,246.95
Other Bonds and Securities	32,965,733.81
Loans and Bills Purchased	118,204,252.51
Real Estate, Bonds and Mortgages	4,685,683.08
Customers' Liability for Acceptances and Letters of Credit	20,012,532.26
Accrued Interest and Other Resources	1,503,372.01
	$323,858,218.42

LIABILITIES

Capital	$12,500,000.00	
Surplus	25,000,000.00	
Undivided Profits	1,559,172.87	$39,059,172.87
Reserves:		
For Contingencies		10,000,000.00
For Taxes, Interest, etc.		2,334,457.55
Deposits	220,884,852.11	
Outstanding Checks	30,560,231.20	251,445,083.31
Dividend Payable January 2, 1932		625,000.00
Acceptances and Letters of Credit		20,394,504.69
		$323,858,218.42

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NATION'S BUSINESS
★
A MAGAZINE FOR BUSINESS MEN

Do We Really Want Tax Relief?

DO WE really want tax relief?

Why is it that everyone is against increased taxes, and yet nothing is done about it? Every political candidate for 30 years has vociferously declared for decreased costs of government. Yet the costs have mounted year by year. Why is it?

Perhaps we do not think through. Perhaps if we thought of the activities which call for taxes, and centered our attention on the *cause* instead of the *result*, we should make progress. We are against the mounting burden of taxation; very well, we are against those activities which call for more expenditure of public money. Almost all our time has been taken up in "shifting" the burden. It would be surer and sounder to advocate a reduction of the burden itself.

The trouble is that we generalize on these matters. We want the cost of government to go down; our representatives in Congress, state legislators and city councilmen agree wholeheartedly. We shake hands and let it go at that. Result: It has gone at that.

The time is ripe for particularizing. The time is here for taxpayers to place before those who beseech us for votes this year and would "represent" us, a definite program of "activity" reduction, if we really desire tax reduction. Such a program for federal expenses might run like this:

1. Turn back to private citizens those non-governmental jobs which Government is now doing. Sell to the highest bidder all property now held by the Government which is used for non-governmental purposes. This would restore to the tax-base an amount variously estimated at from two to three billion dollars.

This would not only broaden the tax-base, but would also cut taxes by eliminating the deficits which invariably accompany government operation of business enterprise.

2. Curtail the work of regulatory bodies, restoring them to their original purpose. Cut the "service" activities of federal departments, as a start, say to the 1924 model; consolidate overlapping bureaus now doing the same work; eliminate political postmasters—the assistants do the work, have always done it and always will—and to this saving of 30 millions add 50 millions more by putting rural carriers on a contract basis. And so on and so on.

3. Limit independent commissions, boards and bureaus to a definite tenure; postpone junkets and investigations and inquisitions and surveys indefinitely.

The taxpayer is asked to go back to the rates of 1924. What would happen if the taxpayers asked the Government to return to its own budget for the same year? The New York *Times* figures that 606 million dollars would be cut from the estimates submitted to Congress—"two-thirds of the amount the administration hopes to raise by increasing taxes."

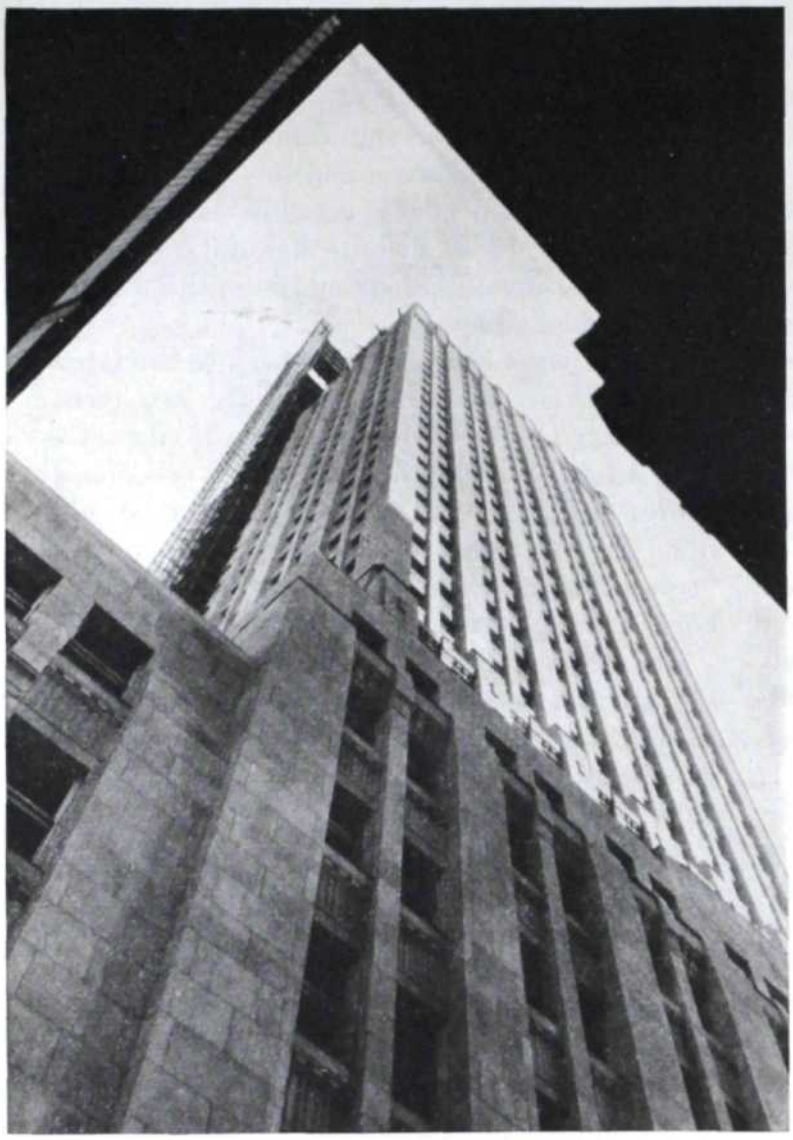
Our representatives, however well intentioned, have been unable to reduce activities or to reorganize them on a more economic basis. As a result, the fiscal situation of city, state and nation borders on bankruptcy. Public officials in charge of these fiscal affairs need more than a general charter from their stockholders; they would relish, I believe, specific instructions.

Tax revolts are imminent. They are dangerous. If they become general our government falls. We must support government. All property depends upon government. The fact is that we have been careless and foolish in encouraging large public expenditures, but that in no way relieves us from meeting those obligations which our representatives have assumed in our name. We cannot repudiate; we must pay up. But, at the same time, we shall be doubly foolish if we do not insist specifically, line upon line, that the activities which have brought us to our present sorry state be curtailed or eliminated.

Do we really want tax relief?

Merle Thorpe

TALLEST STEEL BUILDING IN A CITY OF STEEL AND IT'S Westinghouse EQUIPPED



HIGHLIGHTS ON WESTINGHOUSE AND ITS PLACE IN GIANT MARKETS

The city which has supplied steel to change the pattern of a hundred skylines recently pushed its own silhouette a step higher. Pittsburgh's new Gulf Building, home of the Gulf Refining Company, towers 41 stories above the street, topping all neighboring structures by an impressive margin.

In other ways, too, the Gulf Building goes a step beyond most of its neighbors. Lighting, for instance. Where the average office building of today skimps along with four or five foot-candles, the offices of this new building will have as much as 14 or 15 foot-candles at their disposal, if desired. This illumination is provided by means of Westinghouse Lunaire semi-direct lighting units, installed with the co-operation of Westinghouse lighting engineers.

No frantic searches for electric fuses will ever be staged in this building. No pennies nor hairpins, inserted where fuses should be, will menace the safety of wiring. Panelboards are equipped with the new Westinghouse "De-ion" circuit-breakers which snap "off" in case of short circuit or overload—and are then flipped on as easily as you throw a wall switch.

With Westinghouse lighting, Westinghouse elevators, and Westinghouse motors for pumping and ventilation, each floor of the Gulf Building carries evidence of the part Westinghouse plays in making a modern skyscraper possible . . . and evidence, too, of the complete range of equipment which Westinghouse offers in the hundred million dollar market which is the electrical side of the four-and-a-half billion dollar building industry.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
EAST PITTSBURGH, PA.

NATION'S BUSINESS

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MERLE THORPE, Editor

FEBRUARY, 1932 VOL. XX No. 2

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

Democracy on Trial

★

NATION'S BUSINESS has never aspired to the rôle of prophet. In the fall of 1929 when clouds descended on American business this magazine did not join the chorus which cried out:

"It will soon be over."

Nor in these dark days of 1932 will it join the calamity howlers who see no hope. It does not believe that

"Capitalism is doomed."

It does accept the assertion that

"Democracy is on trial."

Democracy like every other form of government is always "on trial." It is by trial and error that it learns its mistakes.

One of the great trials which our democracy must face will come when it faces the decision whether or not to put the burden of unemployment relief upon the Federal Government.

It is a thankless task to oppose measures of relief for the needy, but it is difficult not to vision the evil consequences that will follow if the Federal Government takes the first step to remove from the states, the cities and from private charities the task of caring for those out of work. When it does that we will make the first prediction we have made during the depression: It will be years before the upturn.

Who Is to Indorse?

★

BOLIVIA wanted to borrow some money in 1928. The loan was not to be made by the United States Government but by a banking house or houses which in turn would sell bonds to American investors.

An expert of the Department of Commerce, specializing in finance and investment, thought that Bolivia had borrowed enough in this country. He said so to an economic adviser to the State Department, or to his assistant. The economic adviser said that diplomatic relations with Latin America were delicate.

"There was a good deal of hemming and hawing," said the expert of the Department of Commerce, "and the upshot of it was that we reluctantly gave our consent to it."

And after this testimony Senator Carter Glass said that the Government was "morally responsible" for the losses of American citizens for their loans. Which suggests these thoughts:

Should the United States approve or disapprove loans between its citizens and foreign governments?

If it should, where is authority vested, in the Department of Commerce or in the State Department?

If the Department of Commerce "reluctantly" assented, shouldn't it have told the bond-buying public to be "reluctant"?

What Makes an Indorsement?

★

THE controversy over the Bolivian loan at least served to draw from the State Department an explanation of its policy as to foreign loans. The statement of policy began with this sentence:

"The Department of State has not passed on the security or the merits of foreign loans."

But that statement, to the lay reader, seems somewhat qualified when the Department goes on to say that it was in the habit of giving at least this indorsement:

"In the light of the information before it, the Department of State offers no objection to the flotation of this issue in the American market."

Putting Money To Work

★

UNEMPLOYED money and unemployed men. The country is suffering from both kinds of unemployment.

In Rochester, New York, the citizens did a first-rate job in lightening the burden of human unemployment. Then they decided that the two kinds of unemployment were closely related and that they'd better start a move to put money at work. Libanus H. Todd, who made protectographs until he retired and who is a great friend of George Eastman

who makes kodaks, began it and the Rochester Chamber and the Civic Committee on Unemployment and the Rochester Community Chest lent a hand.

A house to house canvass was made and 1,550 volunteer workers got 11,000 firms and individuals to promise to spend $6,000,000 on specific improvements within the next few months.

It began when Mr. Todd decided to turn part of his ground into a formal garden and spend $7,000. He began to figure where the $7,000 would go and was amazed at the number of men and industries it would reach.

Mr. Eastman looked around and couldn't find anything for which his need was pressing so he decided to install a private sewage plant in his home.

A woman with a real desire to help had an old sofa recovered.

And the sewage plant and the sofa both relieved unemployment without giving charity.

Please Give Us Something to Tax

★

THE wise men on the House and Senate Committees which frame tax bills are casting about for things to tax.

They can't stick to the slogan "soak the rich" and raise the high bracket income taxes because it begins to look as if 1931 didn't turn out enough rich men to go 'round. Taxing luxuries has a pleasing sound, but one man's luxury is another man's necessity and there's always one way to evade a tax on luxuries. Don't buy 'em!

Perhaps the Solons should try a want advertisement like this:

> WANTED—Something to tax. Must be in such general use that the yield will be large but must be taxable in such way that every taxpayer will think someone else is paying it.

Plans to Tax Waterpower

★

STATE and City officials are looking around for something to tax no less than are the federal law makers. More activities, more employees, have meant bigger budgets and bigger budgets have meant bigger taxes. But taxpayers are feeling poor and critical, so that tax leviers must be wily if they would keep office.

Some wonder workers think they have found an answer—tax waterpower.

Billions upon billions of kilowatt hours of electric energy are taken from our rivers and mountain streams annually. This power is sold or consumed for profit—why not tax it?

The answer is simple. Any direct tax on waterpower development tends to defeat waterpower conservation. It would be just as illogical to place a tax on the use of natural gas. Conservation can be had only through use, for the gas will escape and water will continue to flow to the sea whether it is used or not.

Some states justify a waterpower tax because of the differential in cost over fuel power. They contend that the true index of the value of a waterpower site is determined through comparison with steampower costs and that any advantage which waterpower has belongs to the state.

Obviously, such a policy defeats its own end, for no one will develop waterpower unless it costs less than equivalent steampower. Waterpower development not only conserves the energy of falling water, but its use conserves our coal and oil supplies.

Important industries are dependent upon low-cost power, appreciably lower than any figure yet reached by the use of fuel. To the extent that we add to the cost of waterpower by taxation, we deprive those industries of this advantage and force them out of business, or out of a state having abundant waterpower resources.

The Cost of Social Service

★

THE Manchester *Guardian Weekly* for December 4 quoted from a recent British government document these figures of the annual cost of "public social service in England, Wales and Scotland."

Unemployment Insurance	£ 53,296,000
Health Insurance	38,570,000
Widows', Orphans', and Old-age Contributory Pensions	27,816,000
Old-age Pensions	37,290,000
War Pensions Acts and the Ministry of Pensions Act	52,658,000
Education	108,528,563
Reformatory and Industrial Schools	698,565
Hospitals and Treatment of Disease	8,757,000
Maternity and Child Welfare	2,661,000
Housing	35,598,000
Relief of the Poor	46,329,904
Unemployed Workmen Act	44,000
Lunacy and Mental Deficiency	5,271,000

That's a total of more than £400,000,000 for a population of 44,000,000.

Having let these figures soak in, turn over the page of the same periodical and read:

> The chief middle class preoccupation just now is how to raise the money to pay three-quarters of next year's income tax at the new rate of January 1.

No wonder the British middle class is having trouble raising its income tax when it must pay that bill for "social service." How many of our patriots who would plunge us into this sort of extravagance have counted the cost?

The New Economic Era

★

THREE years or so ago, business men were proclaiming that we were in a "new economic era," an era when there should be no depressions, when the dazzling spiral of increased production, increased credit, increased consumption would go on forever. As for prices, no law of gravitation applied to them. Whatever went up needn't come down.

They spoke too soon and too surely. Human nature hadn't changed, human wisdom was still fallible.

But if our eyes had been wider open, we might have seen that we were in a new economic era in another and perhaps a better sense. This depression has shown us the extent to which business has become conscious of and has accepted its social responsibility. The em-

ployer has learned that labor is something more than a commodity to be bought in the cheapest market.

In no preceding depression has there been so great hesitation to let men go, so great eagerness to make work if need be, to spread what work could be found among the greatest number.

The United States is responding promptly and liberally to appeals for funds to aid unemployment. Not less praiseworthy have been the efforts of American business to avert unemployment.

Let's Help Ourselves First

★

UNFASHIONABLE as it now is to sound the praises of self-help as the best help, there are still defenders of that primitive faith. For one, Clayton Rand, whose leadership is recognized beyond the borders of his own Mississippi. He reminds us of the example of Nehemiah, cupbearer to a king.

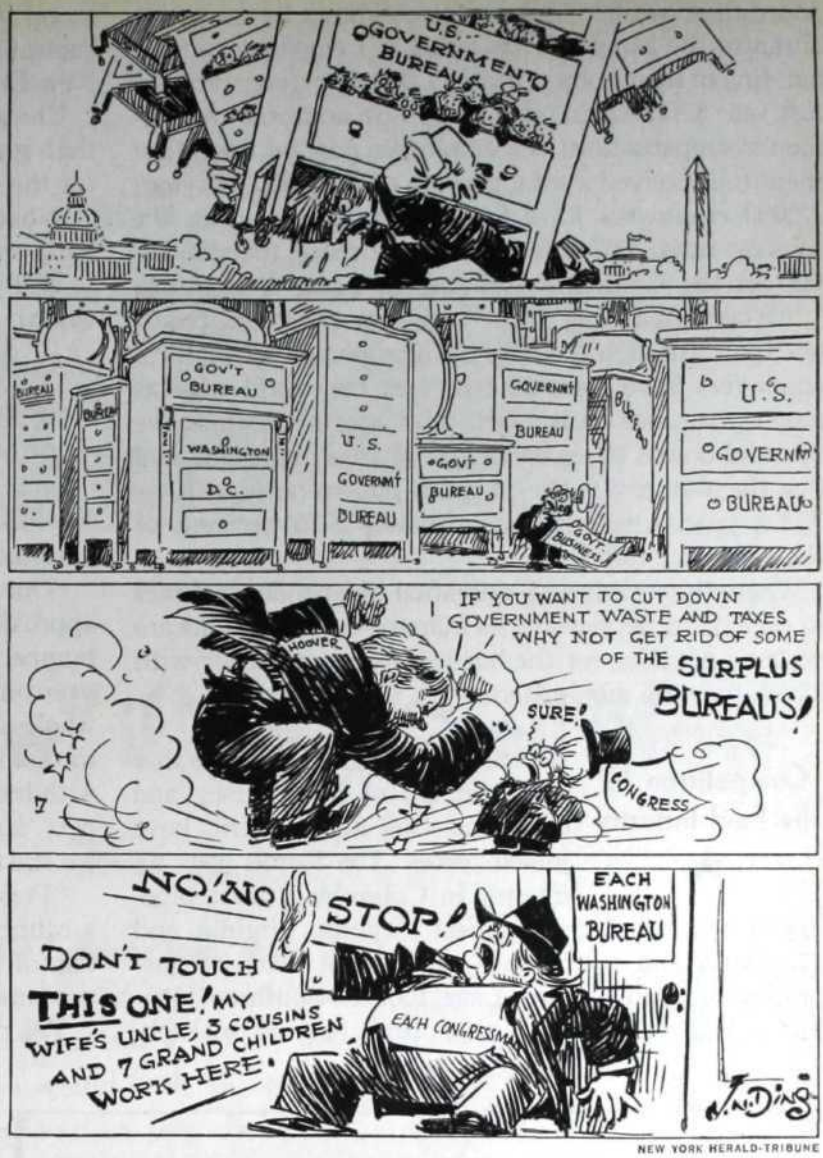
By scriptural report, Nehemiah was commissioned to rebuild the ruined city of Jerusalem. A panicky and depressed people were urged to be up and doing, and with one acclaim they asked, "But, Nehemiah, who will rebuild the walls?"

Whereupon Nehemiah answered, "You will rebuild the walls, you will rebuild them."

Aesop, too, enriched the literature of self-reliance with his tale of Hercules and the wagoner. Finding himself in the muck of a muddy lane, the distressed teamster called on Hercules to extricate his wagon.

"Lazy fellow!" retorted Hercules. "Get up and stir yourself. Put your shoulder to the wheel. If you then need my help, you shall have it, for the gods help those who help themselves."

But in our own times we continue to hear that Providence, the business community, or the Government in some of its labyrinthine ramifications should save us from our mistakes, make good our losses, and keep us in the state of luxury to which we think we are entitled. To refrain from rocking the boat is something of a service, of course. Yet it is possible to believe, as Mr. Rand suggests, that pulling an oar is a much more effective contribution to progress.



Why Washington never gets rid of the bureau infestation

"Live and Let Live"

★

THE National Editorial Association, made up of the newspapers in small American communities, offered prizes recently for the best editorials on "Government in Business." More than 100 entries were received and they came from places such as Culver, Ind.; Chilton, Wis.; Loveland, Colo.; and Storm Lake, Iowa.

First prize went to Charles N. Stow, editor of the *Courier* of Deposit, New York. Here are some short phrases from his article headed "Live and Let Live":

> There is a hue and cry for the dole; for public relief. There is a concerted effort to force Uncle Sam into business in competition with private enterprise. There is much running up and down the country by bespectacled chipmunks, who know just what is wrong and just how to cure it. There is a bunch of wild mavericks in Congress straining themselves to throw money right and left like a party of drunken sailors. There is a possibility (perhaps more than a possibility) that taxes will be raised. The Government is "broke" and the experts are looking around for more ways to dig money out of the pockets of their victims.
>
> The American public must be aroused to the socialization of industry which is in the offing. The railroads are being hampered; the grain and cotton trades are threatened with extermination; public utilities of all sorts are having their troubles with nagging legislation and meddling politicians. There is a growing demand to have the Government do this or do that, without considering the fact that it all has to be paid for.

Helping Men, Not Machines

★

ONE of the familiar charges made by critics of large-scale industry is that men receive less consideration than machines in retirement plans. How effectively that charge can be answered is revealed in a booklet of the Westinghouse Electric and Manufacturing Company.

A variety of texts for these trying times could be gleaned from this report of the workings of a practical humanitarianism, as witness these suggestive items:

More than 37,000 employees are covered by group insurance; the company has aided 771 employees in the building of their homes; nearly 1,000 employees received last year $700,000 in relief benefits in addition to workmen's compensation; 572 employees now on the retirement roll received a total pension of $165,000 per year; 12,000 employees have $4,000,000 on deposit in the savings fund; 607 employees have more than $500,000 in the Company Building & Loan Association.

An accompanying letter to the stockholders points out that "through the help of these plans thousands of employees have been able to face the world with as much assurance as is given most mortals to face the ups and downs of existence." It is an illuminating fact that the total cost to the company has averaged $1,938,352 a year, which is approximately 2.75 per cent of the total pay roll.

Where the measure of individual independence comes to such a sturdy growth, its humane considerations are no less appealing for the businesslike competency with which they are administered.

Competition in the Fuel Industry

★

ANNOUNCEMENT is made that Standard Oil of New Jersey and Columbia Gas and Electric have joined forces. The former gets an interest in Columbia's great pipeline system which crosses West Virginia, Virginia, and Maryland and which taps millions of acres of gas-producing country from Lake Erie to Southern Kentucky. Eastern Seaboard cities from Newark to Richmond will be supplied. Extensions will be made into central and eastern New York state and ultimately into New England.

The new pipe line from Texas to Indiana will supply that state, Illinois and Ohio, leaving Appalachian gas for the Atlantic Coast.

What will happen to the fuel oil industry, to the hard-pressed coal men?

Will it spur them to new efforts to meet this competition?

Some Rays of Sunshine

★

HERE'S an extract from a letter that helped a great deal to make one day brighter. It's from Thomas F. Critchlow, storekeeper in a small town about whose methods NATION'S BUSINESS once carried an article.

"Our retail sales during 1931 fell off to $36,000 or approximately 20 per cent, though on account of bumper berry, bean and corn crops we were able to overcome the loss in retail gross by an increase in the wholesale and by working like a horse we were able to discount every bill with no bills unpaid January 1, withdraw $7,700, take a good living out of the business, and leave a bank balance of the same amount as we started the year with.

"Personally I think it is a pretty good showing for a country store that has no place in the economic system of today and has been ruined by good roads and the automobile."

The day this letter came a visitor dropped in, a small town editor from North Carolina. Said he: "No one is going to be hungry in our corner of the world. Ours is a farming district and in late years it's been raising more of its own food.

"We shan't have much money. Banks have closed down and cash is tied up, but we'll eat comfortably and most of us have shelter and clothing enough to keep warm. Due to a scarcity of money we are doing business in a very primitive way.

"The man who has more sorghum syrup than he needs for his table is bartering it for corn meal or home-cured meat."

"Bureaucracy Triumphant"

★

CARLETON KEMP ALLEN, recently a professor of law at Oxford and the newly chosen secretary of the Cecil Rhodes Foundation, writes in "Bureaucracy Triumphant":

> The day may not be far distant when half the population will be in government employ, salaried out of the taxes supplied by the other half.

In 1830 the United States had a population of 13,000,000 and there were 19,800 persons employed in the Federal Civil Service. In 1930 the population was 120,000,000 and the civil service lists had grown to about 600,000.

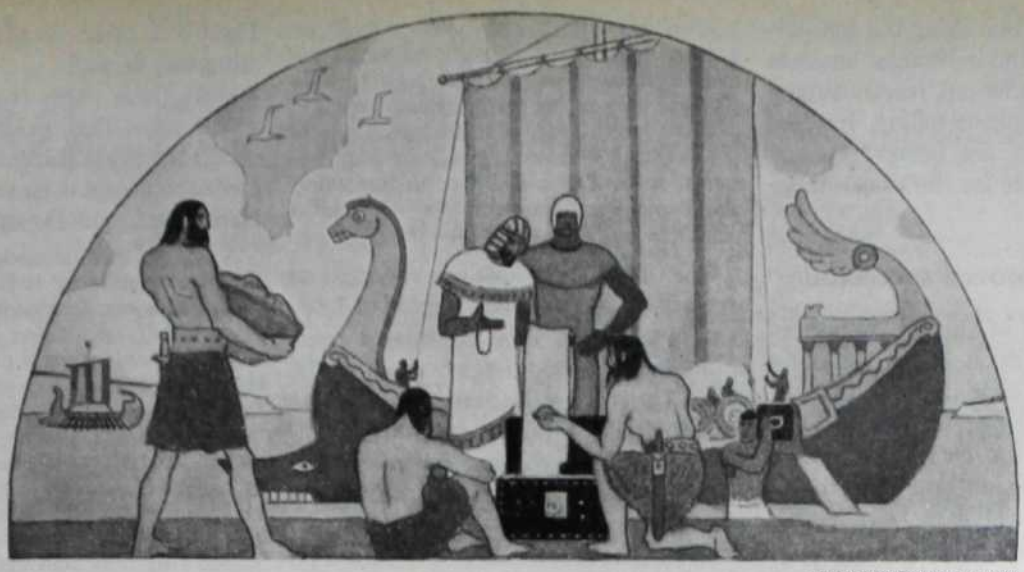
We shall probably have half our population on the government pay roll as soon or sooner than Great Britain.

THE DOLE

HERETOFORE the elk have been cared for chiefly by emergency feeding measures. These have been very necessary, but plans must be modified for permanent use. The present elk refuge administered by the Biological Survey is 4,560 acres in extent. Hay is harvested here each year and is fed to the elk in winter whenever conditions make it necessary. In theory, such artificial feeding is required only when snows on the neighboring foot-hills make the natural forage unavailable. But this is not the case in actual practice. The elk have learned to rely on the hay provided at the elk refuge, and each winter promptly repair to the feeding grounds. If feeding is delayed for some time the animals soon begin to worry the neighboring ranchers by breaking into their haystacks and interfering with the feeding of domestic stock. Thus feeding must very often begin early enough on the elk refuge to relieve the ranchers.

Sometimes as many as 8,000 elk congregate on feeding grounds maintained by the Federal Government and the State of Wyoming, and as many as 4,000 may assemble in a single area. There they remain throughout the winter, awaiting their daily hay ration.

From United States Year-Book of Agriculture, 1931



DECORATION BY CHARLES DUNN

They'll "Buy Now" if We'll "Sell Now"

★

WE HAVE been told that, if everybody would start out this morning and spend a dollar, the depression would end. The problem is to awaken this desire to spend. "Buy now" campaigns might do it. "Sell now" campaigns certainly can

WE ARE hearing a great deal about "frozen assets." The average man hears that the frozen assets of the banks must be thawed out. What of the frozen assets in his own pocket, in his own bank account or even in a hiding place in his own house?

How shall he be made to spend a part of those frozen assets for the things he needs and wants? How shall desire be made to overcome fear?

There have been countless "buy now" campaigns. We have been told that if every man and woman would start out this morning and spend a dollar, "the sunshine of confidence would break through the clouds of fear." Housewives have been urged to put away three months' supply of provisions. Chambers of commerce have fathered campaigns calling on communities to spend money.

The history of these efforts has not been one of success. People don't really buy from a sense of duty or a desire to help others. If I give a nickel and take an apple from a vendor who announces that he's out of work, in 99 cases out of 100 I'm not *buying* an apple, I'm *giving* a nickel.

But real buying is the buying that men and women do because they want something more than they want to hold on to the money—because desire has overcome fear. Sometimes the desire is self-created. No normal man ever starved or froze to death with the price of food or shelter in his pocket. Sometimes—more often—the desire is created by good salesmanship, by sensible, skillful efforts to arouse in the man or woman with a dollar, the desire to own something that dollar will buy.

Money can be loosened

FROM the Middle West just before Christmas came press reports that an extraordinary number of the old-fashioned dollars and fives and tens—the blanket size, we've almost forgotten—had appeared in the shops.

They had come from sugar bowls and stockings and from under mattresses; hoarded money drawn out because the pull of the Christmas spirit was greater than fear.

There is a considerable group of business leaders who believe that it would be possible to set going a nation-wide campaign of buying and that such a drive would result in releasing buying power now frozen through fear. They base their faith largely on what happened in the war, when the public responded with unbelievable enthusiasm to the urge to buy Liberty Bonds as they responded readily to restriction in the food they should eat and the fuel and gasoline they should use.

"But," say the doubters, "that was under pressure of war. We were in a great national crisis when emotions could readily be aroused."

"Exactly," say the supporters of a buying campaign, "we are in a great national crisis now and the public could by advertising, by public meetings, by other methods be aroused as they were aroused by minute men and posters and publicity 15 years ago. They can, and should, be made to realize that their own well-being, their own economic safety, is at stake."

Whether the country would respond to a nation-wide "buy and buy now" campaign is uncertain.

No concerted movement such as the Liberty Bond Drive has yet been attempted.

But whether a nation-wide campaign to stimulate buying is feasible, it is cer-

tain that there is one thing the individual business and the individual business man can do to thaw out frozen buying and that is to improve selling. It's like pouring hot water in a frozen radiator. It makes it possible for the wheels to go round again.

Selling has proved successful

THERE is proof of this in the letters that come over my desk, in company reports, in such compilations as that recently made by the Department of Commerce dealing with companies which have defied depression and made more money in '31 than in '30.

I have in mind a maker of crackers whose business moved up nearly 40 per cent in 1931 over 1930 although the latter was a banner year. How did he do it? He had the courage of an idea, the courage to put on the market a new product at a time when his associates in business were massed against his plan on the ground that "this was no time to bring out a new thing." He insisted on putting through his plan and insisted also on strengthening his sales force and adding to his advertising appropriation.

If we could balance the books of American business for 1931 we should find hundreds of such cases to be written on the right side of the ledger. We should find also that a large number of such instances are provided by smaller companies.

Every depression teaches us anew that bigness is an uncertain asset; that the small concern often gains by its flexibility, its ability quickly to translate the consumer's wants into product.

Henry Tetlow, who makes toilet goods in Philadelphia and whose family has been making soap and kindred products for 80 odd years cites a case in a recent article in the *American Mercury:*

> I have a friend who, some six years ago, found himself possessed of $20,000 capital and the necessity to support a growing family. One of the big companies was auctioning off some of its property to save overhead costs. Fate took my friend to the courthouse steps; with twelve of his twenty thousand he bought himself a coal mine. Next he went home and told his wife, who, a West Virginian too, could not have been more pleased if he had flung his money into the sewer. Thereafter, with the help of 20 or 30 union miners he began to turn out soft coal and sell it—at a profit. . . .
>
> He had no necessity to turn out 10,000 tons a day (my figures may be wild) "to meet his charges," and no expensive equipment; his depletion and depreciation write-offs were correspondingly low. All he had to do was make money. He has made it ever since; an average of $1,000 a month over the modest management salary he pays himself. During which time all the big operators have done is to claw the air.
>
> My friend's mine will run at a profit on a mere handful of medium to small accounts. If one leaves him he can turn to the directory of his college classmates and pick out another. He and his family like to travel, so an occasional customer hunt becomes, instead of a liability, an imponderable profit not reckoned in the thousand a month net, which is all real money.

One thing that clouds our vision when we try to get a real perspective of business is that we look at the large corporation, the thousand that are listed on the New York Stock Exchange and forget the hundreds of thousands of other companies that are not listed but are doing, in many cases, better than their big brothers.

In the last few weeks I have talked on two or three occasions with the industrial representatives of some big utility companies. They tell me that, gauged by power consumption, small companies and small communities are doing better than larger ones.

Small firms improve

HERE'S the case of the Seiberling Rubber Company, not one of the giants. Its report was put on my desk the other day and I read this in President Seiberling's annual letter to the stockholders:

> Last year the net operating loss after depreciation was $1,282,098.67 . . . This year there has been produced a net profit of $500,347.73.

What did it? A new kind of tire with a new appeal that induced a desire to buy, and the elimination of unprofitable business.

Are those selling, you ask. Certainly the first is. There is no more powerful part of a selling program than a new product.

Here's the study made by the Department of Commerce of 205 concerns which bettered their 1930 business in 1931. The report lists some 40 reasons for that success. Most of them are "selling" under one name or another.

Advertising is given as a reason in 80 cases and "sales efforts" in 46. What is advertising but a sales effort? Here are some other classifications:

New uses of product
Cooperation with dealers
Increased sales outlets
Real need prices
Other price policies
Following style trends
Modifying product to appeal to customers

What are these but selling? Selling has many forms other than the visit of a salesman. Price is one of the most effective salesmen in the world. It might be called the irresistible salesman if only one could afford to work it to its utmost. There's a price at which almost anything can be sold.

But there are repeated instances which show that price is not the sole salesman. Good skillful selling will lead people to accept even an increased price. Here's a case the Department cites:

> A 34 per cent increase in profit in the first six months of 1931 is the successful record of a company manufacturing piston rings. Their advertising in past years has formed a foundation of public confidence in the product which has made profitable the larger advertising expenditure of this year. A new and much more efficient ring was developed by the engineering department. In spite of generally declining prices, this ring was introduced into the market at a price 10 cents higher than the highest priced ring they had ever sold.
>
> Each salesman was equipped with a talking picture outfit, and instead of selling to the dealers during the day he gathered together an audience for his picture show, preferably at night. An average of forty-seven people attended these demonstrations, which have been found much more productive than the former sales plan.

Here's another that's illuminating:

> A 34 per cent increase in profits is the record of an aluminum and brass concern in the first six months of 1931 over the same period in 1930. . . . On the assumption that what business there was would have to be obtained personally, the sales force was increased. To encourage and more intensively direct the augmented sales force the executives spent more time in the field.
>
> At the same time we sought a further diversification of our lines of manufacture, trying to find outlets for products which we were equipped to manufacture, especially in lines where we thought there was a future and where perhaps the competition would not be so keen.
>
> As an instance, they equipped themselves to handle nonferrous metals for architectural purposes, the use of which has been increasing rapidly.

One more and we've done with the report:

> A lumber company in a western city in the first five months of this year equalled its sales and profits of the same period of 1930. For two days a week branch managers solicit business and plant "ideas in the minds of possible customers," from which future sales may develop, thus breaking away from the past custom of lumber dealers to do no soliciting. They placed themselves "in a position to finance small construction jobs so they could be paid for on a monthly basis." The sale of complete units, such as hog and brooder houses, has been initiated and pushed rather than making sales effort only on single items such as boards and other building materials.

Business in recent years has come to know "the engineer salesman" a rather impressive phrase to describe the man who, going into another's plant, is able to suggest a use of the salesman's product. It is a highly intelligent form of selling—intelligent to the point of dis-

(*Continued on page 69*)

What's Likely in Washington

Another Special Letter from W. M. Kiplinger

DEAR MR. BLANK:

YES, I know, Washington probably does seem a mess and a maze these days. You read one thing one day, and a contradiction the next day. Then the thing drops out of the news only to pop up again in different form. Congress is going to do this, and Congress may do that, and leaders deny tomorrow that it will do either.

Someone introduces a shocking bill, and someone else puts in an opposite bill, and 10,000 bills are introduced in two weeks. One writer has one authoritative slant, and another writer has a reverse authoritative slant. You don't know what to believe.

Well, that's natural. The country is topsy turvy in its political and economic thinking and Washington is just a focused reflection of the whole picture.

There is one way to begin telling heads from tails in this Washington political scramble. That is to line up the groups of interest around the country, together with their spokesmen in Washington. What groups want what? Which groups oppose it? How strong are the groups? If you think in these terms you can come close to figuring out what is going to happen. You must not think too closely in terms of Republicans and Democrats. Politics does not work this way, except in the headlines. Few issues of major economic importance have been decided in Congress in recent years by a straight party vote.

Who Wants Money? GOVERNMENT loans to tide over the emergency are wanted by the bankers on account of "frozen assets" which can't be sold for much now but which, it is assumed, can be sold for more later, providing someone (the public, through its Federal Government) puts up the capital to hold them. Is anybody opposed? No, not seriously, for the whole public interest is tied up with the banks. Result: Creation by Congress of the Reconstruction Finance Corporation, which is simply a huge public lending pool; prevention of many bank failures; backing up of the National Credit Corporation (bankers' pool) which has not been able to do as much as was hoped.

Government loans to tide over the emergency are wanted by the railroads, because they have interest to pay on bonds, and refunding of old loans to arrange. Banks, insurance companies and other financial interests agree, because they hold railroad securities and their solvency depends partly on the market price of the bonds. Is anybody opposed? No, not seriously. Even the liberals agree, because they are glad to lend public money to the railroads, hoping that the railroads will never be able to pay it back, and that this may be a step toward government ownership. Result: Loans from the Reconstruction Finance Corporation; prevention of some, but probably not all receiverships; backing up of the railroads' rate credit pool.

Government capital to tide over the emergency is wanted by the Federal Land Banks, so they can be more solid, so their bonds may bring good prices. All the financial interests agree, for most of them are involved in the farm loan bonds. Anybody disagree? No. The agrarians want to support their pet loan system. The liberals want to give the Land Banks financial elbow room, so they will be easy on farmer debtors who can't pay promptly. Result: New government capital for the Land Bank Systems; strengthening of Land Bank bonds; slightly more leniency for mortgage debtors.

Government loans to tide over the emergency are wanted by the liquidators of closed banks, so that hard-pressed depositors may get partial payment promptly. No objection from any quarter. Result: Revolving fund loans from the Government, to be used by the bank undertakers; prevention of runs on other banks when one bank in the community closes.

Government loans to help cities carry unemployment relief burdens are wanted by many municipal officials and by liberals or progressives generally. They say that without government loans the local relief will break down, and municipal credit is not very strong. Sob stuff and alarm is brought into play. Anybody opposed? Yes, the bankers, the business elements, the larger taxpayers, the conservatives generally, and the administration.



WIDE WORLD

Some of the men who testified before the Senate Finance Committee on the sale of foreign securities. Left to right, they are Otto Kahn, Senator Smoot, Clarence Dillon and W. W. Aldrich

Result: The opposing forces are stronger, and the legislation will fail, at least in the main.

Free government wheat, to make flour, to be given to the needy is wanted by the relief interests and the wheat farming interests who think it will increase consumption of the wheat overload. The millers and the grain trade do not like it much, but their objections are weak, and the thing is of no major economic importance anyway. Result: Free wheat, free flour for the needy, with cautious administration to make minimum of interference with private trades.

Government loans to states to finance new road building programs, to make jobs. These are wanted by the liberals, the "unemployment blocs," the labor interests who are deeply concerned about unemployment, the powerful Scripps-Howard and Hearst newspapers, and, of course, the road builders and contractors. Opposition? Very much of it, from the bankers, the big taxpayers, the conservatives, the advocates of states' rights and local responsibility, the administration. Opposing argument: The resulting tax load will be too great, government credit will break down, government bonds will sell off, banks and business generally will be hurt, thereby causing more unemployment, more distress. Anticipated result: Some sort of compromise, with a few hundred millions appropriated for expanded public works programs, so that it will "look good" but will be so conservatively administered that it will not result in any tremendous increase of present public works program.

THIS letter from Mr. Kiplinger to readers of NATION'S BUSINESS reports a number of views with which neither the readers nor the editors may necessarily agree, but which must be recognized for their existence. Mr. Kiplinger is an experienced Washington observer and reporter of the trends of government in their relation to business policies. He is objective and realistic. His letter is shocking on some points and reassuring on others

Government capital for a Federal Home Loan Discount System is wanted by the real estate interests, is recommended by the administration, and is supported in a half-hearted way by the home-owning public. Insurance and building and loan interests accept it in principle, but will find many technical objections to the set-up. Anticipated result: Probably some sort of an act, much amended, safeguarded and restricted—late in the session, not early.

Big new government borrowings are wanted by all the liberals, all the unemployment and relief blocs, and are opposed in principle by most of the conservatives. Anticipated result: There must be huge new government bond issues, regardless of unusual relief measures, but there probably will be no such thing as a "five billion dollar reconstruction loan."

Higher taxes are taken for granted. The question is, How high? Here the lines are all criss-crossed. The administration wants 920 millions more a year; the Democrats profess to want less. The Republicans want to balance the budget in 1934, the fiscal year after next. The Democrats do not object to this budget-balancing. They expect to be in power then. But they want to build the reputation of being "*pro* taxpayer" in this election year. The liberals want to "soak the rich," and so do a good majority of members of Congress, but they differ on the degree of soak. Furthermore, they find there is a feasible limit. The tax issue is a major mess, and it will become worse as the session progresses. Postage rates probably will not be raised.

These are the principal emergency money matters before Congress, and the outcome of each is generally indicated (except for taxes) by an appraisal of the forces for and against the various proposals. Let me emphasize that the appraisals involve only the cold prospects, and are wholly divorced from any consideration of *pro* or *con* merit.

Public Credit THE proposition is simple: The Federal Government, and most state and city governments are living beyond their means. The budgets generally are not balanced. We, the people, create agents (governments). Then we urge these agents to spend for all sorts of things. To do so requires that these agents borrow from some of us (investors in federal, state and municipal bonds). At the same time, we protest against paying the necessary bills in the form of taxes. Our agents' budgets are out of balance and we are responsible.

One or both of two things may be done: (a) Pay our agents more money currently in taxes. We make a wry face, say business is bad, say we can pay it better year after next, maybe. (b) Direct our agents to borrow more from some of us who have spare capital for the time being. But those of us who have spare capital are a bit leery of the agents' credit. We decline to lend, except at heavy discounts on the bonds. Thus the taxpayers' strike runs smack up against the bond buyers' strike.

What to do next? We can make ourselves come across with more taxes, and this we are doing—nationally and locally. We can't make the lender lend his money, but we can take it away from him as taxes, and give it back to him as interest. This is the process of soaking the rich. It is a process which is developing rapidly, and which doubtless will continue. It has its merits and its disadvantages, neither of which are simple.

There are two significances. One is fiscal and has to do with the old discovery that the way to get money is from those who have it. The other is social, and has to do with the theory that society would work better if the rich were less rich and the poor were less poor.

The U. S. Treasury's prospective fiscal situation in the next year or so is not good. With unbalanced budgets, it is hard to see how new government bonds can be floated at "reasonable" interest rates, and outstanding bonds maintained at levels satisfactory to holders.

Government Economy WE ALL yelp that government costs too much, but this is about as practical as baying at the moon. The point is, Where shall it be cut?

The federal debt costs a billion dollars a year (in-

terest and principal retirement) and you can't cut that. The army and navy costs three-quarters of a billion and you know what happens when you suggest cutting that. The veterans cost a little less than a billion; you can't touch this item and get away with it politically. Public works cost 500 to 600 millions a year (the administration stresses a higher figure to show its extra efforts to make employment), and some people want to triple this item.

We might cut out the Farm Board loans, 155 millions, and this is to be done, for the stabilization experiment was clumsy and costly, and it has few defenders. But, after all, the Government did for wheat and cotton approximately what it is now asked to do for frozen banking assets —provide capital to hold them until prices rise. If stabilization of wheat was an error, may stabilization of frozen assets also be an error?

There are plenty of frivolous government activities, but they are picayunish. Furthermore, practically all of them are conducted by special request of some business group. Business-at-large inveighs against too much government, but business-in-particular slips down to Washington and gets a new bill, or a new appropriation, for its special service or benefit. This thing happens repeatedly.

An orator from the financial district demands cancellation of the war debts, creation of a government finance corporation, maintenance of the sinking fund, bigger army and navy, *and* reduction of taxes.

Do we really want to practice governmental economy or do we merely want to preach about it? Do we want to run our own private affairs or do we want to lean upon Government when private affairs go wrong?

These are not fancy questions. They are plain puzzlers which arise in connection with the day-to-day work of any dispassionate Washington observer.

I feel sure that public pressure will cause Congress at the present session to increase government expenses materially, rather than to reduce them. You will read news of ten millions cut here, 15 millions cut there, but these are relatively small in a budget of more than four billions. I doubt whether government salaries will be reduced now. One reason is that this would involve reduction of salaries of members of Congress and the numerous congressional wives, brothers, sons, daughters, cousins and sons-in-law who are on the capital pay roll. Another reason is that government salary cuts would be a signal for wage and salary cuts in private business and most of our politicians turn their political faces away from wage reductions.

The time of reckoning in government finance will be a year hence, not now, for by that time Congress and the country will have become convinced that the Government is financially up against it. The public at large is not now so convinced, despite all the talk.

Business Outlook I THINK it is accurate to say that most Washington authorities expect at least six months more of severe depression, accompanied by low profits or deficits, many receiverships or reorganizations, acceptance of losses, continued reduction of wages and salaries, and many kinds of further adjustments. This is not the sort of talk handed out for publication, but it is the predominant tone of most private conversations.

Within this six months' period will come some measures of moderate credit expansion, discussed later. These will help, but will not prevent liquidation.

The beginning of the upturn is expected some time late in 1932, though any prognostication necessarily involves elements of hope, sentiment and guess.

The years 1933 and 1934 are looked upon as a period of slow and gradual recuperation, with restoration of something resembling normalcy in two or three years.



WIDE WORLD

Representative Collier, chairman of the House Ways and Means Committee, (left) with Ogden L. Mills who discussed the moratorium before the committee

Unemployment will be heavy next winter, according to those who have made a close study of the prospects. Continued relief plans must be laid well ahead, but public attention for the present is not being directed to the situation a year hence, lest attention be detracted from current relief.

Commodity prices are assumed to be at or near their bottom, but no general sustained rise in commodity price levels is expected for some time.

Most Washington gossip is that there is likely to be an early spring rise in the security markets, followed by summer declines.

I do not take your time to give all the reasons and logic behind these prevailing Washington assumptions regarding business, because I want merely to give you the tone of Washington thought.

Temporary Good Palliatives GOVERNMENTAL policy is especially important just now, not as a cure for anything, but as a palliative, a brake, a cushion for the bumps.

Government financial support for needy lines of business and finance represents the principal palliative.

The big question is, "Will the government authorities inaugurate policies of credit inflation, to make a bigger volume of credit, tending to retard liquidation?"

The best speculative answer is, Yes, in moderate amount, representing a gradual credit *expansion*, as distinguished from a rapid and drastic credit *inflation*. The mere act of floating new billions of dollars worth of bonds to cover the deficits and the new loans of public credit will automatically force some credit expansion.

What the final effects will be is highly problematical and theoretical. Generally they will be temporarily good. It is well to add that most of the responsible Washington

authorities are inclined to be skeptical about the net good results of a vigorous inflation policy, such as is advocated by some leading financial economists.

The Reconstruction Finance Corporation doubtless will moderate the severity and rapidity of the deflation, though it cannot of itself prevent natural forces from running their course eventually. It cannot save all situations. It amounts to social control of credit, or social manipulation, or social forcing. It represents the conservatives' embrace of state socialism in the realm of credit and finance, not as a principle, but as a necessary last-ditch recourse at a time when private capital and credit cannot be managed, cannot be directed into the channels likely to do the most good for society-at-large.

Foreign Debts THIS Congress will not reverse itself in its stand of opposition to further revision of the war debts or to further moratorium beyond the one year. The East recognizes the inevitability of reduction, cancellation or default on both reparations and war debts. So does the Interior. The difference is that the East wants to avoid the spectacle of technical default, whereas the Interior, representing the numerically preponderant American public sentiment, is so irritated at European affairs that it is willing to let the situation slide into default if it must.

The stiff-necked attitude of Congress is not diminished by continued disclosures of "erroneous judgment" by leading banking houses in distributing billions of dollars' worth of bad foreign bonds throughout the United States. Losses from these bonds contribute to bank failures. Bank failures make the public wild. A wild public sentiment makes captious Congressmen and Senators. There is anger, passion and resentment, mixed with worry, in the situation on the Hill. It may be sound, or it may be unsound, but it is certainly very real and must not be underestimated.

A great growth of anti-European sentiment and of a new brand of "nationalism" must be expected in the next five years. New foreign loans will be difficult.

Tariff OF COURSE no general revision of tariff rates can be expected at this session. This means, furthermore, that the weight of prospects is against any specific changes, including even oil and copper.

The big long-range point about tariff policy is that the United States may be forced gradually to abandon its fixed rates for all comers on imports, together with its reliance upon most-favored-nation treatment for exports, and to substitute a new policy of reciprocity or bargaining with other nations. The Democrats are masticating this thought but have not digested it as yet.

The Senate is the stumbling block for any tariff bill because the individualism of Senators makes it difficult for them to agree on a proposition and to push it through with the machine methods of the House.

Prohibition IT IS sufficient to say that the present Congress is overwhelmingly dry and will not vote for any fundamental change in prohibition. This Congress holds until March 3, 1933.

Regulation of Business CONGRESS will make a start this year on various projects for regulating business, but will leave the main job of cogitation for future Congresses. Stock exchanges may be inquired into, but will not be regulated because no one knows quite how. Commodity exchanges probably will get no important new regulation. Agitation against short selling is probably diminishing. A federal blue sky law will be proposed, but not enacted, because the responsibility on the Government is too great. Probably no important new legislation on utilities need be expected.

The temper of Congress is to do something to regulate the frauds, grafts and misrepresentations involved in high finance, but the wisdom of Congress is not sufficiently great to point the way to do it.

Lobbying MANY business groups are getting busy with their lobbying activities, most of them in a perfectly proper and above-ground manner.

I have watched the operations of hundreds of legislative campaigns in the past 15 years, and I have seen most of them fail to attain their objectives. Common reasons are these:

Reliance upon exaggerated claims of subterranean influence by various high-power Washington lobbyists. Spending of too much money for obvious propaganda, which isn't read, or which causes a contrary impression. Ignorance of the real operations of Congress. False fears of bills introduced merely for effect on some group of constituents, without intention of pushing them. Too great reliance upon a single member of Congress, or a single group, or a single agent. Unwillingness to team up with other business groups which have similar problems, resulting often in a knife in the back. Lack of facilities for weighing public-sentiment-at-large. Lack of recognition that views prevailing outside the immediate business group may be totally different from those heard repeatedly within the group, and may in the end be overwhelming. Lack of "Washington sense," which covers a lot of things.

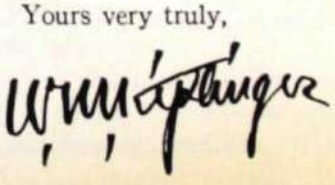
Politics CHANCES of Hoover's renomination by the Republicans are ten to one. If Dawes were to make some huge success with disarmament, he might edge in, but this is a far cry. Coolidge is too sensible to accept the nomination. Besides, times have changed since he was President, and he would now be vulnerable.

Chances of Roosevelt's nomination by the Democrats are probably better at present than any one else's. Chances of Baker's nomination are one to two, but he is coming up. Ritchie, Young and Traylor probably can't make it. Smith probably does not expect to get it. Garner must be reckoned with from now on.

The influence of Progressives in Congress must inevitably be mainly anti-Hoover. A third party does not seem probable, due mainly to the practical difficulties in the election machinery. Both parties will try to dodge prohibition as a national issue.

Oulahan OCCASIONALLY some Washington death leaves a big hole. This was the case with Nick Longworth. It is the case with Richard Oulahan, head of the New York *Times* staff. The public can't act straight in political matters if its information is crooked, colored or muddied. Dick Oulahan's good clear reportorial eyes were the eyes for millions of readers, and his death is a public loss.

Yours very truly,



Should the Law Compel Waste?

★

OUR capacity for producing raw materials from our natural resources far surpasses our demand for them. In an effort to stop the resulting waste, business has suggested that natural resource industries be freed from the uncertainties and limitations of the antitrust laws and allowed to regulate production by agreement. The advantages of this plan as well as counterarguments are set forth here

A MAN and his wife are going over the plans with the architect for that attractive bungalow for which they planned and saved. They are deciding what materials shall go into their new home. They are debating the relative merits of different heating plants.

And even as they talk and plan, before a yard of earth is turned, three lumber men are cutting trees into lumber which each hopes will ultimately reach the contractor for that house. The owner of a coal mine is hoping that the plans will finally call for a coal furnace because he could produce ten times as much coal with his present equipment. And even as they decide on coal, another gusher well comes in in East Texas.

The case is hypothetical, of course, but it could be extended much farther before it even approaches the limits of the present situation. The truth is that our capacity for producing needed natural resources far exceeds our demand for them. We have more wood, more oil and more coal than we can market profitably. The result is waste of the most costly kind because the loss is only partially financial. Timber alone can be replaced, and that only after a long time by reforestation.

Competition on all sides

EACH of these industries has its peculiar problems, but they all have troubles in common. Coal and lumber have substitutes to battle against. Modern efficiency cuts down the amount of fuel required by motors. Each has a full share of competition within the industry.

These industries knew depression long before it hit the country as a whole. They were getting business but it was expansion into the red ink columns.

Now business has recognized the basic nature of these industries and has proposed what may be a remedy for their ills, or at least a relief measure. The opinion has long prevailed among business leaders that these industries could solve their problems if they could be freed from the uncertainties and hampering effects of the antitrust laws. Now business asks that the restrictions be removed that production and consumption may be more nearly balanced.

Eighteen hundred organizations, representing nearly a million business men comprising the membership of the Chamber of Commerce of the United States, have gone on record by a substantial majority as favoring action within those industries to control production. Their business judgment is that

a tribunal of officials of the Federal Government familiar with natural resource industries be authorized to permit agreements for curtailment of production in such an industry during the continuance of a condition of overproduction found by the tribunal to be injurious to the public interest.

Not alone does industry recognize that a new course of action, a new charter, should be granted to these groups. When the Seventy-First Congress met, President Hoover called attention to the need in these words:

The people have a vital interest in the conservation of their natural resources; in the prevention of wasteful practices; in conditions of destructive competition which may impoverish the producer and the wage earner; and they have an equal interest in maintaining adequate competition. I therefore suggest that an inquiry be directed especially to the effect of the workings of the antitrust laws in these particular fields to determine if these evils can be remedied without sacrifice of the fundamental purpose of these laws.

When the present Congress met he repeated his opinion:

In my message of a year ago I commented on the necessity of congressional inquiry into the economic action of the antitrust laws. There is wide conviction that some change should be made, especially in the procedure under these laws. I do not favor their repeal. Such action would open wide the door to price fixing, monopoly, and destruction of healthy competition. Particular attention should be given to the industries founded upon natural resources, especially where destructive competition produces great wastes of these resources and brings great hardships upon operators, employees, and the public. In recent years there has been continued demoralization in the bituminous coal, oil, and lumber industries. I again commend the matter to the consideration of the Congress.

Purchasing below cost

FORMER President Coolidge was also familiar with the problem. Of the natural resource industries he wrote, in April, 1930:

No doubt the public is obtaining commodities at prices below cost. But things are so ordered in this world that it is not to the final advantage of the public to buy large supplies below cost. The reaction is sure to be bad. Some action for conservation without unlawful restraint of trade is needed for the present and future public welfare.

Leaders in the natural resource industries insist that there shall be no departure from the basic principles which business men have recognized and encouraged since the formation of the U. S. Chamber—that the initiative of the individual must be preserved in order that the fullest possible degree of self-government may be maintained.

The country has lately been reminded of the gravity of the situation in Oklahoma and Texas where large-scale drama has been written. Here the governors have used the militia in an effort to check the waste resulting from unbridled competition. In past years strikes have brought home to many the acute condition in the coal industry.

After exhaustive study, the Chamber's Natural Resources Committee, made up of outstanding leaders from various divisions of commerce and industry, concluded that means must be found whereby the individual units of

(Continued on page 86)

Who Pays for the Roads

By R. C. Fulbright



Regulation of automobile bus transportation is fairly simple because of the necessity of maintaining schedules and published rates

WHEN the private automobilist finds himself blocked by a caravan of motor trucks upon a narrow, busy road he is likely to feel that commercial freight transportation should be banished from the highways. When the nervous driver along such a road discovers a huge truck or bus bearing down upon him he is likely to take to the ditch and call upon his law-makers to banish all such vehicles from the roads; and when the private citizen goes out for a pleasure jaunt and encounters a massive truck piloted by a road hog who insists upon taking his half of the road out of the middle of it, he is certain that all motor trucks should be put out of business.

When experiences such as these are multiplied, there is a tendency for the public to reach erroneous conclusions. The long established agencies for interurban transportation of persons and property have been quick to take advantage of the prejudice thus aroused.

Regulations increase

COMMERCIAL highway freight transportation has developed almost entirely since the World War and the fact that it is largely competitive with the railroads has caused railroad organizations to call for strict laws governing such operations.

First, it is suggested that a comprehensive code of laws be devised to regulate the operations of motor vehicles in the interest of public safety and security. Such regulations cover brakes, lights and other safety devices, the qualification of operators, speed, use of highways and the size and weight of vehicles. Regulations as to hours of service, provision for insurance and signal devices are also suggested.

It is obvious that the development and enforcement of a uniform code of safety regulations will go far toward removing any popular prejudice against motor trucks and motor buses.

Development of effective codes has proceeded rapidly in the past two years and the National Conference on Street and Highway Safety has perfected uniform codes which are now being considered in practically every State. Thirty-seven states have undertaken to regulate the service, rates and charges by motor vehicles.

Regulation of automobile bus transportation is fairly simple because of the necessity for maintaining regular schedules and published fares as a means of building up the lines.

The problem of regulating transportation of freight by motor trucks is not so simple. The distinction between the two is recognized in a statement by one of the larger railway systems:

> It is not, under existing conditions, believed practicable to attempt the application of similar measures to the operation of motor trucks. Passenger bus lines are nearly all common carriers, and hence as amenable to regulation as train service. Motor truck operations, on the other hand, are of at least four kinds—privately owned and operated trucks, private carriers for hire, contract trucks and common carrier trucks. The last named contribute only a relatively small proportion of the total of truck operations, yet are the only form practicably capable of regulation as to rates, adequacy of service, accounting, etc., at this time.

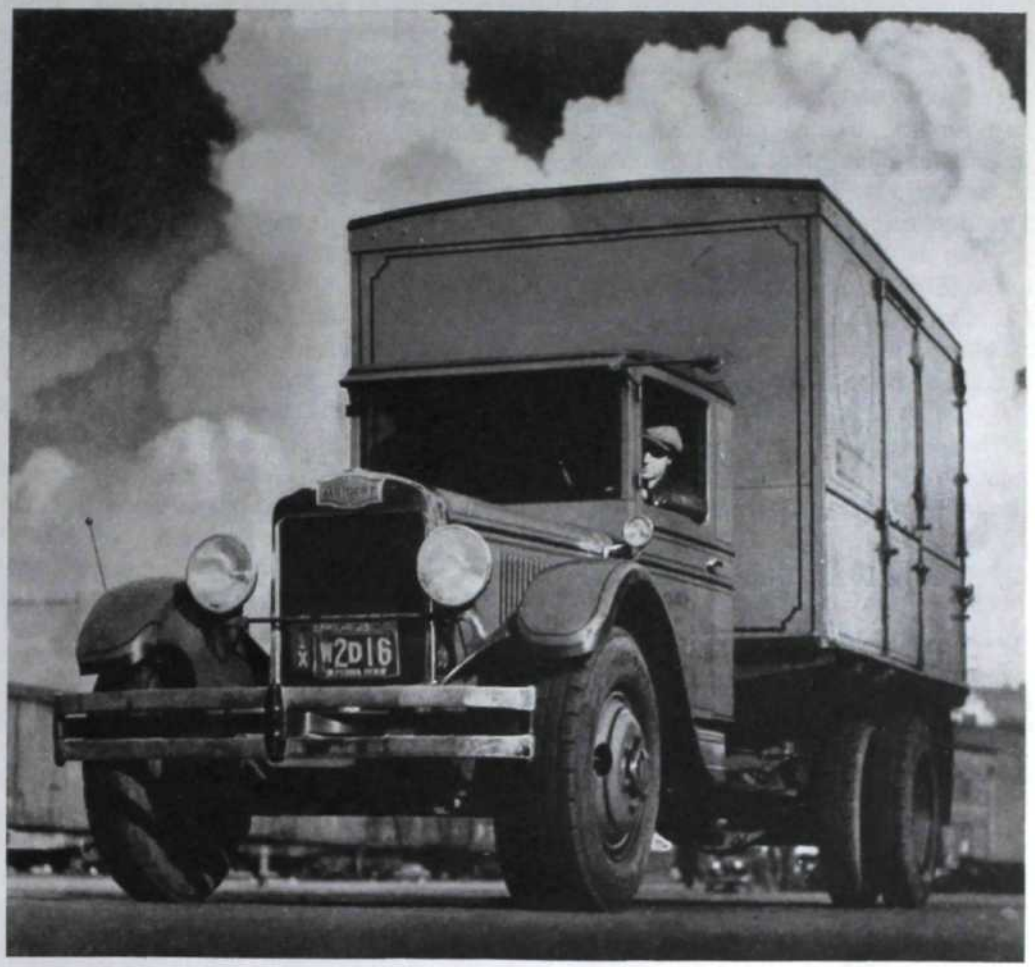
the Truck Uses?

PHOTOGRAPHS BY WILLIAM RITTASE

THE entrance of the bus and truck into the transportation system has brought with it many problems for legislators and public. In this article, Mr. Fulbright discusses these problems in a way that will give you a clearer picture of the entire situation

Students of highway transportation generally believe that substantial additional information must be developed before any general program of regulation of rates and services of motor trucks can succeed.

The problem of obtaining proper compensation for the use of the highways by motor vehicles has caused much bitter controversy. Some persons have asserted that the public highways are given as a free right of way to motor truck operators whereas the railways must finance and maintain their own rights of way. Others have contended that the payment required of the motor truck operators for the use of the public roads is wholly inadequate. In both cases it is insisted that it is grossly unfair to subsidize these competitors of the railroads.



The problem of obtaining proper compensation for the use of highways by motor vehicles has caused much bitter controversy

Who should pay for roads?

SUCH contentions are meritorious if justified by the facts. The primary difficulty has been to determine the proper compensation for the use of highways. In every state the motor industry is directly charged with a substantial portion of the expense for providing and maintaining highways.

Historically the automotive industry developed ahead of improved highways. Its development brought the demand for better highways. Previously the states had considered the expense of providing public roads as a proper charge upon the public at large. Such highways were provided by general taxation and, as they were feeders to the railroads, the latter generally encouraged the building of roads.

When, however, the highways developed as a rival to the railroads, the public rapidly concluded that the expense of the highways should be borne by the industry which used them. In ten years the burden of supporting state highways has been transferred largely to the motor vehicle users.

Those who still maintain that a substantial part of the burden is cast upon the general taxpayers, including the railroads, overlook the distinction between the state highways and local country roads. There are today more than 300,000 miles of improved state and national highways. It is these highways which are primarily competitive with the railroads. On the other hand, there are 2,700,000 miles of local country roads which carry little or no competitive traffic but operate as feeders for railroads and other carriers of freight.

It is of general interest to the public that these local roads be maintained and additional traffic is given to the railroads as a result. They have no more right to complain that such facilities are provided by general taxation than they had in the days when there was no automobile competition.

Motor industry pays its share

THE total expenditures in this country in 1929 for highways outside of municipalities were $1,444,668,985. The total income for this purpose the same year amounted to $1,646,030,433. Of this latter figure, $887,616,626, or 54 per cent, was received by the states for support of state and national highways, but $758,413,807, or 46 per cent, was received by the counties and minor

political subdivisions for local roads.

The total receipts from motor vehicles exclusive of *ad valorem* taxes were $779,479,997. Income from general tax levies in the states and political subdivisions aggregated $425,583,916. Federal aid amounted to $77,572,691. The remaining income was from miscellaneous sources such as special assessments.

Analysis of the expenditures demonstrates that the automotive industry contributed an amount at least as great as the expenditures for providing and maintaining state and national highways and paying interest on the bonds.

In every state commercial vehicles pay for the use of public highways through gasoline taxes and registration or license fees. It is estimated that a three-ton common carrier motor truck pays an average annual cost of $558.78 in the form of such taxes and fees. This estimate is based on schedules applicable in 1930 and upon the assumption that the average truck will operate 25,000 miles a year.

The amounts required for such trucks vary greatly in the respective states. For example, in Massachusetts it is estimated that such a truck would be required to pay $119.50 to the state for the use of the highways, whereas, in North Carolina the fees and taxes would exceed $1,100. The latter state levies a gross receipts tax of six per cent on all common carriers by truck in addition to registration and other fees.

Tax rates vary widely

SUCH a wide variance seems to indicate that, in some states, motor vehicles are not paying enough whereas, in other states, the payments required appear to be excessive. It must be remembered, however, that many varying factors enter into the determination of the amount necessary to provide and maintain highways in different states. Density of traffic, character of construction, topographical conditions, and fiscal systems for providing for such construction differ substantially in the several states. In nearly every state efforts are being made to arrive at an equitable basis of taxation for the industry as a whole.

The belief is widely held that large buses and motor trucks are much more destructive to highways than ordinary vehicles, and also that the stress upon the highway increases with the speed of the vehicle. Recent investigation by the Bureau of Public Roads has demonstrated the fallacy of these assumptions. The ordinary hard-surfaced roads, if sufficiently strong to withstand the effects of the weather, will carry commercial trucks, under ordinary conditions, up to but not including five-ton trucks, with no increased danger of damage to the roads.

In a recent investigation by the Interstate Commerce Commission, the Chief of the Bureau of Public Roads pointed out that, even in the case of the heavier trucks, it was necessary to make only small increases in the minimum requirements. He said:

> It is not until we get to the five-ton truck that it is necessary to increase the dimensions of the road and then only by one-half inch in thickness. When we get to the five-ton truck we must increase the thickness of the road one-half inch or about 7.7 per cent and for a 7.5 ton truck 1.154 or about 15.4 per cent.

The impact upon the road of motor vehicles with pneumatic tires varies little between the ordinary limits of 25 and 45 miles an hour.

In the earlier stages of modern highway development, lack of proper engineering direction sometimes caused serious waste of public funds. Instances have been pointed out where long-term bonds have been voted to construct roads which could not reasonably endure for the life of the bonds. Highway construction is now so well standardized that there is little such financing.

It is exceptional for highway bonds to be authorized for periods substantially more than 20 years. The principal exception has been in New York State where the average term of outstanding highway bonds in 1930 was 41.23 years. This included bridge bonds which may properly extend for long terms in most cases. The weighted average term of all state highway bonds outstanding at the end of the fiscal years in 1930 was 19.79 years. The total amount of state highway bonds involved was $1,151,572,000. The only states where the average exceeded 25 years were New York and Rhode Island, and in the latter case the bonds were all bridge bonds.

The criticism is often made that bonds are voted for terms of 20 years or more to construct roads which will only last ten or 15 years. In the first place, hard-surfaced roads, built under standard engineering requirements, should last more than 20 years. Among the first of such pavements to be built were the experimental surfaces on Connecticut Avenue at Chevy Chase, Md., built by the Bureau of Public Roads between 1911 and 1913. These pavements are now practically 20 years old and are serving more than 4,000 vehicles daily. Pavements of the type now being built are greatly superior to the experimental pavements.

Even in the case of roads which are not built according to such requirements there is a substantial portion of the construction which is of more or less permanent benefit. The principal items entering into the construction of a road are right of way, grading, drainage structures and bridges, and surface or pavement. Of these, the first is practically permanent. The second, when properly done, should have a life of 50 years. Drainage structures and bridges when properly built can be estimated as having a life of more than 50 years.

Road values are long-lived

A STUDY of nearly 70,000 miles of federal-aid roads built between 1917 and 1928 shows that grading, drainage, and bridges constituted 40 per cent of the total cost. If right of way were included the percentage would be greater. These 70,000 miles of highway include all types of road surfaces in just about the average proportion prevailing in all state highway construction work. It follows, therefore, that, if bond money is spent for roads of average character, at least 40 per cent of it will buy facilities having a life of 50 years.

In the case of the short-lived roads, when the surface reaches the end of its economic life, a large part of the original value in the surface itself invariably is incorporated in the reconstruction. Even if it were customary to spend borrowed money for gravel and sand-clay roads it is evident that the value lost at the end of the economic life of the surface constitutes a relatively small part of the total investment and that the long life of the greater part of the investment would properly support an average bond term of 20 years.

State and national highways have already become an integral part of our transportation system. Our national highway transportation plant is now valued at approximately 25 billion dollars, which is substantially equivalent to our national railroad transportation plant. Of this, the investment in highways is approximately one-half. Ten years ago the total of state highway and bridge bonds was approximately $200,000,000. At the end of the fiscal year 1930 it exceeded $1,150,000,000. In addition, there were outstanding, approximately $1,800,000,000 of road bonds issued for local rural roads.

The fiscal policy adopted by most states contemplates that such obligations shall be taken care of by the motor vehicle industry. The rate of income from gasoline taxes and fees seems sufficient to meet such obligations.

The Political Betrayal of Insurance

By HENRY SWIFT IVES

Special Counsel, Association of Casualty and Surety Executives

ILLUSTRATIONS BY D'ARCY

MANY OF THE present economic ills of the world may be traced to the political desecration of the fundamental principles of insurance. Government doles, subventions, pensions and gratuities masquerading as insurance have brought two great nations to the brink of bankruptcy and the effect of this deception has been felt everywhere.

Even in America the delusion exists that, because these schemes are labeled insurance, they are insurance and partake of the scientific exactness, impartiality and financial integrity of insurance as privately conducted.

The truth is that there hardly is a trace of real insurance in any of these political devices. They were misbranded from birth. They have grown prodigiously, have bred mountainous deficits, have developed powerful bureaucracies and have become Frankenstein monsters ready to overwhelm their creators chiefly because of the belief that they really were insurance and therefore sound, efficient and solvent.

If it were not for the universal confidence in insurance as carried on under private auspices, this political misuse of the insurance designation would have been a liability rather than an asset to the promoters of doles. If government-administered funds for the unemployed had been labeled poor relief or charity, insurance could not complain. And, had the actual facts thus been known, public support would have been lessened materially. Calling social relief schemes "insurance," however, has not only deceived the taxpayer and made him feel that these devices were sound, but it also has injured the institution of insurance.



To create an income for those who have not had an income violates almost every insurance principle

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THE public, by taxes or compulsory contributions, is supporting many government "insurance" schemes. More are proposed. Before you consent to them, however, you should find out if they are actually insurance or merely political expedients

Government "insurance"

INSURANCE is essentially a private enterprise. When governments try to operate it they change its character. It then becomes, as a rule, a sort of jack pot to which the taxpayer is forced to contribute and from which distributions are made at the will of politicians. That is not insurance. It has no actuarial basis except political necessity. It depends upon taxation for its sustenance, and when premiums become taxes, the term "insurance" becomes a fraud. It operates by force, and making insurance compulsory robs it of the thing which has made it great—the free and voluntary association of people for their own protection.

The charges collected by private insurance companies are voluntary payments made by the buyers with the object of safeguarding their persons and property. The growth and power of the institution of insurance has developed from the desire of the members of the human family to possess things and to protect those possessions, the desire which has made the "my own" of the individualist dominant in all history over the "our own" of the communist.

Compulsion, however, is an almost inevitable accompaniment of all forms of government insurance. Such schemes generally involve an involuntary associ-

ation for the protection, not of those who contribute but of entire strangers to them. The insurance premium is no longer a burden freely assumed for the safeguarding of the insured's own, but a tax imposed by the state for the avowed purpose of distributing the resultant fund among those whose demands are the most insistent. This is not insurance. It is called "insurance" because that term is more seductive than the truth.

There are as yet no government unemployment relief schemes in America masquerading as insurance, and other similar so-called social insurance devices have gained little foothold here. However, the desecration of the institution of insurance for political purposes has made considerable headway along other lines.

The 17 state funds for the writing of workmen's compensation insurance are the most glaring examples of how the insurance principle has been adapted to political uses. In some states the adaptation has been so complete that property owners have been deluded into believing that what they buy from the state is really insurance.

Only recently Governor Pinchot of Pennsylvania issued a statement in which he severely criticized the past administration of the state compensation fund, saying that unpaid premiums had been allowed to accumulate until they reached such a large sum that policyholders were unable to pay and the state fund was the loser.

"Insurance" that doesn't insure

THE late and unlamented bank deposit guarantee laws are another example of the misuse of the insurance principle. There was no statistical or actuarial foundation for this scheme. The moral element of the risk was entirely overlooked. There was no selection and no underwriting. It simply was another compulsory contribution misbranded "insurance." When the funds were exhausted the taxpayers of many states and the depositors of many banks found themselves holding the sack for many millions. Those promoting these laws called the plan "insurance" to gain support.

The bankrupt and semibankrupt hail insurance funds operated by several western states are still another example of the political desecration of the insurance principle. Then there are the state fire insurance funds for the insurance of public buildings, most of which have collapsed or are on the verge of collapse. These schemes were labeled "insurance" but it was a political desecration of the term so to label them.

Even more dangerous than these, however, are the pending proposals for the political misuse of insurance in other situations.

I already have referred to governmental unemployment insurance. It is proposed that we adopt it here despite its truly magnificent failures abroad. By designating this dole "insurance" it immediately becomes invested with a dignity to which it is not entitled, and as a result its collapse always is a reflection on true insurance.

This type of so-called insurance violates almost every cardinal insurance principle, as do practically all government insurance projects. Risks are included which are not comparable and where no insurable interest can be said to exist. It applies not only to those who usually have incomes and employment, but also to paupers, indigents and to casual or temporary workers. To create an income for those who have had no income is, of course, not insurance at all, and if these classes are to have relief it should be called by some other name.

Privately conducted insurance companies may ultimately be able to devise a satisfactory and sound system of unemployment insurance for selected industries or for selected groups. A number of apparently well conducted self-insurance systems of this kind are already operating in the United States. But these will die if the Government steps in and the blight of bureaucracy settles upon them.



Political devices called "insurance" soon become Frankenstein monsters

Compulsory automobile liability insurance is another outstanding example of the eagerness with which the politically minded seek to adapt the insurance principle and the insurance label to purely political uses. Like all other insurance schemes in which governmental compulsion is a factor, this particular one violates many of the fundamental principles of sound insurance. The first objective of its promoters is to control the collection of premiums, to regulate the distribution of awards and to dictate the rates at which insurance may be sold. This in the main has been accomplished in Massachusetts, the only state which has tried out the system. Their second and ultimate objective is state insurance with the power and profit which are inseparable from the political handling of large sums of money collected from the people.

Although private companies are permitted to write this insurance in Massachusetts, they are so hemmed in by bureaucratic regulations dictated by political expediency that they are themselves compelled, if they would stay in business, to violate many of the established principles of sound insurance underwriting.

Premium charges rapidly are assuming the status of taxes in the public mind and are impressed with all the disabilities, discriminations and iniquities which generally surround the determination and imposition of taxes by political bodies and their administration by bureaucrats. As a result, the Old Bay State has been in a turmoil over this law for five years. Blame for excessive loss ratios and increasing rates is directed at the insurance companies and not placed where it belongs, on the compulsory system itself.

This situation is not the concern of the insurance companies alone. It is the concern of the men and women who have voluntarily decided to devote part of their income to protecting their futures. There are nearly 70 million holders of insurance policies in the United States—twice the number who voted in the last presidential election. It is right that they should give to those who are in need, it is right that part of their tax payments should go to the support of the less fortunate; it is not right that that taxation should be made in the honored name of insurance.

A Panorama of Economic Planning

YOU have heard of the LaFollette Plan, the Chamber of Commerce Plan, the Swope, Beard and Chase Plans for harnessing the "billion wild horses" of business and making them pull as a team. In this article those plans, and others are described and compared for your convenience

WHEN the ancient arrow maker came upon a period of slack markets because his tribe was at peace or its larder well stocked he had a simple choice. He could go hungry or he could string up his bow and use his product to provide his supper. To that early ancestor of modern industry, depression was a personal matter.

Today the problem is more complex. When industry—as represented by automobiles, steel, or railroads—finds no market for its products, it cannot pay wages or dividends. This means that thousands of persons whose purchasing power depends on those wages or dividends cannot buy gasoline, or theater tickets or radios, thus causing loss of wages and dividends to other thousands of persons. And so on.

The result is depression as we feel it today and as the world has felt it periodically since 1635 when the Dutch plunged Europe into a panic with an unlucky flier in tulip bulbs. In these depressions, human happiness sinks low. Between whiles it rises to towering peaks.

A revolt against depressions

THUS world business and world peoples are periodically hot and cold. The experience has never been pleasant, but for several centuries these uncomfortable changes were borne with fortitude. Misery was regarded as the lot of humans.

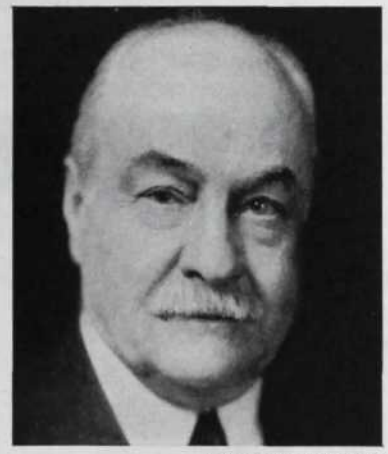
Today, however, men know better. They know that suffering is not healthy. They believe it is unnecessary. So, all over the world, savants are searching for a thermostat. They want the chart line of business to show a consistent and temperate advance.

The thermostat most often proposed is "national economic planning." It is advanced by many men and its forms are as numerous as its champions.

Its advantages are best summed up by Nicholas Murray Butler, who, speaking in Paris in June last year, said:

"A man with a plan, however much we may dislike it, has a vast advantage over a group sauntering down the road, complaining of the economic weather and wondering when the rain is going to stop."

Those who share this view greatly outnumber those who don't. The preponderance of articulate opinion seems to favor some form of national economic planning. Thirteen countries have already adopted such planning in one form or another. American business, as represented by the United States Chamber of Commerce, has voted in favor of a national plan in this country.



UNDERWOOD & UNDERWOOD

DR. BUTLER

"A MAN with a plan, however much we may dislike it, has a vast advantage over a group sauntering down the road complaining of the economic weather and wondering when the rain will stop"

The question has been before Congress, is now being discussed in committee and will be before Congress again at this session.

It has been the subject of a vast literature which is always technical and frequently more than middling dull. It is, in short, a thing of immediate importance and one that we ought to make an effort to understand.

Such an effort, of course, must begin with an idea of what national economic planning is. Horace B. Drury, of the United States Shipping Board, addressing the Taylor Society in New York, defined it thus:

> National planning, as opposed to the more familiar type of planning which deals with the affairs of a single plant or business, is the effort to bring order into that vast and nebulous field that lies outside the scope, outside the functioning of any one establishment. This field is as broad as the world and as intricate as human life. National planning involves not one step, or one decision, but an indefinitely large number of decisions and efforts. Its work will never be completed as long as mankind lives and grows and changes.

What kind of a council?

ACCEPTING this definition, we observe that national planning faces a sizable undertaking. Its success depends on an "indefinitely large number of decisions and efforts."

To make these decisions and efforts, the proposed plans, almost without exception, provide for an "Economic Council." It is at this point that the proponents of planning part.

Should the Council be a back-seat driver or have a hand on the wheel; should it be appointed by industry or by government; should it be an entirely new body or should it be formed by coordinating present scattered machinery?

We shall examine several of the plans to see how these questions are answered. This examination will be simplified if we first group the plans according to type. George B. Galloway, in a copyrighted pamphlet published by Editorial Research Reports, meets

our need in this respect. He sets up two classifications for economic councils:

1. A council set up as an agency of the central government, invested with part of the legislative power.
2. A purely advisory economic council voluntarily created and operated by the business and industrial community.

Russia provides the only present example of the first type of plan in action. The Italian *Consiglio Nazionale delle Corporazioni* is conceived more or less according to this type but is not functioning as such.



UNDERWOOD & UNDERWOOD

SEN. ROBERT M. LAFOLLETTE, Jr.

THE LaFollette Bill provides for an economic council of 15 appointed by the President to study conditions and recommend legislation

All-powerful board

IN RUSSIA the State Planning Commission, a part of the Government, is practically the supreme regulating organ of the country's industry. It mapped the Five Year Plan and is charged with executing it.

Norman Thomas, in his book, "America's Way Out," advocates an economic plan of this general type but differing in detail.

The United States has had some experience with such planning. The War Industries Board, which came into being March 4, 1918, had practically dictatorial powers. Although its orders were, for the most part, merely requests, industry knew that failure to comply with them might have unpleasant results—in some cases even seizure by the Government.

Friends of national economic control frequently point to the success of the War Industries Board as proof that economic planning can succeed in this country. Stuart Chase has taken it as a model in devising his "ten-year plan for America."

He proposes a "Peace Industries Board," modelled after the War Industries Board (although it might be appointed by industry rather than Government) "to abolish the human misery which flows from economic maladjustment, to liquidate the agony of unemployment, to keep both men and machines steadily employed raising the standard of living in line with the growth of the technical arts, to conserve the precious natural resources of America, to stamp out poverty itself."

An industrial board that didn't work

SKEPTICS are inclined to doubt the practicality of this. They point out that the cry "overproduction" is less inspiring to patriotic sacrifice than the panted warning that "the enemy is at the gates."

In passing, it may be pertinent to note that, at the close of the War, the Department of Commerce set up an Industrial Board designed to "put into effect a program for the readjustment of prices for basic materials in such a fashion as to create a firm foundation on which the consumer can base his future purchases."

This Board announced a schedule of prices for iron and steel products. Walker D. Hines, director-general of railroads, shortly refused to be bound by this schedule. In the face of this recalcitrance, the whole scheme went to pot and the Board was dissolved.

Into Mr. Galloway's second group fall many European councils and the best-known proposals advanced in this country. At present, in addition to Russia and Italy, economic councils are operating in Germany, France, Great Britain, Portugal, Spain, Yugoslavia, Rumania, Poland, China, Japan, and Mexico. It would be tedious to examine them all, but those of Germany and France deserve attention.

The German Constitution, adopted in 1919, provided for economic planning. The intention was to set up district economic councils in which all important occupational groups would be represented. These district councils were to cooperate with employers in regulating wages and working conditions. Above them was to be a National Economic Council, an advisory body to the Reichstag.

The Reichstag was directed to submit important bills to the Council for consideration, and the Council could also propose bills of its own.

An independent council on economics

THIS plan was never carried out. Instead of creating a permanent council, the Reichstag established a provisional one. After considerable evolution, this council exists today as an independent body with three main divisions—employers, wage earners and a group including consumers, civil servants, the professions and others.

Its work is done through 11 standing committees, which have dealt with food supply, unemployment, finances, export, credit, stabilization of the currency and other problems. It has been too occupied with emergency problems to prepare any general plans. The district economic councils have not been created.

In France, the National Economic Council was set up by presidential decree in 1925 to investigate economic problems and propose solutions. Its 47 members represent various divisions of labor and capital.



BACHRACH

HENRY I. HARRIMAN

"I BELIEVE that the economic council should be appointed by business and supported by business and should be purely advisory"

They hold four sessions a year and, between sessions, conduct business through a standing committee of ten. The Council transmits its recommendations to the Premier. All bills of economic interest must be referred to it after they have been tabled.

The Council's activities are directed toward establishing a program of action and deciding upon methods to put the national equipment to the fullest use.

Its value is attested by the fact that the Government has introduced a bill to make it a permanent institu-

tion. The differences between these two groups are readily seen. The German group, created by the Government, may propose legislation and support it on the floor of the Reichstag. The French council may collect information, advise, and suggest.

It is not a parliament of industry and it must in no way infringe on the prerogatives of the Government.

Examination of the plans proposed for the United States reveals that they are patterned, roughly, after either the French or German.

The most important of these plans are, perhaps, the LaFollette bill, now before a subcommittee of the Senate Committee of Manufactures, and the United States Chamber of Commerce plan. The first follows the German idea—the second, the French.

Economic council

THE LaFollette bill provides for an economic council of 15 members to be appointed by the President with the Senate's consent. This council would keep advised of general economic and business conditions; consider problems arising out of the economic situation and seek solutions; recommend necessary legislation and, if advisable, submit reports dealing with economic questions to the President, Congress or appropriate economic organizations. It would have power to subpoena witnesses and documents.

Hearings on this bill have brought out a variety of opinions, although most witnesses have agreed that planning might be a good thing. Among those who disagreed was Albert H. Wiggin, chairman of the board of the Chase National Bank, who said, "I think you are looking for a superman and there is no such thing."

Daniel Willard, president of the Baltimore and Ohio Railroad, objected to giving an economic council power to investigate the records of his business. James A. Farrell, president of the United States Steel Corporation, did not believe the council would be practical so far as the steel business was concerned. Walter W. Stewart, chairman of the board of the Case-Pomeroy Company, investment bankers, did not see the necessity of an additional council since "in almost every field of business activity we have some agency which has the authority and apparently the disposition to collect more information."

Plans to eliminate waste

CHARLES A. BEARD, former professor of politics at Columbia University, writing in *The Forum*, has suggested a plan similar to that proposed in the LaFollette bill.

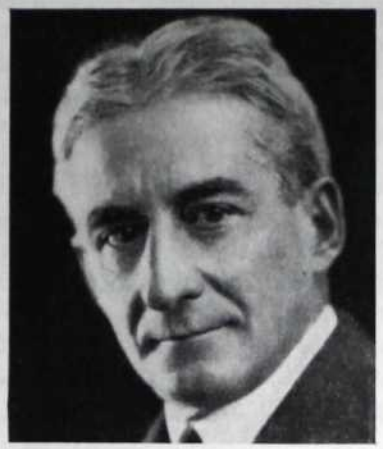
He recommends creation of a national council and a five-year plan which would "repeal the antitrust acts and declare all industries affiliated with the national economic council public-service enterprises subject to principles of prudent investment and fair returns. Create a board of strategy and planning to survey productive facilities and consumption capacity. Give each industry affiliated with the national council the form of a syndicate of associated corporations with large directional and service powers. Create a separate agricultural syndicate. Create a marketing syndicate to eliminate waste in distribution."

George Soule, editor of *The New Republic*, a director of the Labor Bureau, (Inc.), and a director of the National Bureau of Economic Reform, proposed a similar plan in his magazine. Testifying before the LaFollette subcommittee he recommended formation of an economic council similar "to the general staff of the Army or the experts and advisers who exist in a well-planned industrial organization."

It would have "the duty of setting up within each industry an organization appropriate to the problems of that industry and would call upon industry itself to participate in the framing of those plans. It would have the power to reject any plan proposed by an industry which it did not approve in the light of the general objective and would then have the power to recommend to Congress any necessary legislation to bring about plans which were approved."

His council "would have no power to order industry to do anything."

"That power," Mr. Soule said, "naturally rests in Congress." He believes, however, that the council "should have definite instructions to prepare at least the beginning of a national economic plan to be submitted piecemeal to Congress."



GERARD SWOPE

THE objective of his plan is to balance production and consumption through control of production "thereby stabilizing industry and consequently employment"

The United States Chamber of Commerce plan was drafted by a committee appointed by the Chamber's president. Its chairman was Henry I. Harriman, chairman of the public trustees operating the Boston Elevated Railway.

Chamber's plan

THIS committee reviewed the experience of European countries and interviewed leading business men and economists. In describing its conclusions we can probably do no better than quote from the committee report:

"We recommend the appointment of a council, preferably of three members, five at the most, to be given the responsibility of organizing an attack on our economic problems. The members must be men of the highest ability and integrity. They must have the experience and background which will enable them to understand sympathetically the circumstances of all the country and be without obligation to any particular constituency.

Representative of group interests

"WE suggest that this council be appointed by a larger appointing board. The members of the board should be invited to serve by the Chamber of Commerce of the United States and should be representative of some such group of interests as the following:

"The United States Department of Commerce, the Chamber of Commerce of the United States, labor, agriculture, manufacturing, banking, railroads, public utilities, distribution, the law, engineering, and professional economists.

"The council would cooperate closely with existing trade associations and it should encourage such trade associations to establish strong central committees or economic councils

to study in detail the problems of coordination of production and consumption, stabilization of employment, etc., within their particular industries.

"The members of the council should give their full time to the work and they should be liberally paid. There should also be a permanent staff of economists, statisticians and men of affairs to carry on the various studies that will be necessary. The work of the Government and of private individuals and research bureaus should be used to the greatest possible extent.

"Financing the council is an important matter but it should be possible to find ways and means. We suggest that the officials of the Chamber of Commerce of the United States explore the possibilities of raising sufficient funds and ask the cooperation of the appointing board in this. We believe that, although the Chamber of Commerce of the United States should take the initiative in establishing the national economic council, the council, after it is appointed, and in operation, should be entirely independent in its deliberations and judgments."

Cooperation for stabilization

THE council would be purely advisory, as another part of the report points out. It would meet the need for more accurate and authoritative information and statistics, recommend methods by which industries could cooperate with each other and the Government to obtain stabilization. It would explore the needs of business and suggest the agencies, governmental or otherwise, by which they could be met.

Parallelling the Chamber suggestion in many respects is the plan proposed by Gerard Swope, president of the General Electric Company. His objective is to balance production and consumption through control of production, "thereby stabilizing industry and consequently employment."

This balance, he believes, could be achieved through the trade association or some similar body in each industry. Each industry would have an advisory board representing employers, employees and the public which would map its program, subject to the approval of a federal supervisory agency whose job would be to protect the public against exploitation.



UNDERWOOD & UNDERWOOD

ALBERT H. WIGGIN

"I THINK you are looking for a superman and there is no such thing. Human nature is human nature. So long as business goes on we are bound to have crises now and then"

In both the Chamber and the Swope plans, trade associations would play important parts. They would also be active in a plan proposed by Wallace B. Donham, dean of the Harvard School of Business Administration. His plan, outlined in an address before the American Society of Mechanical Engineers, contemplates creation of a business congress chosen by and responsible to the great industries and trade associations. Its job would be to "study the principal shocks to which society is subject and to recommend elastic institutions or programs to meet these shocks as nearly automatically and with as little delay as possible."

These are the most publicized plans thus far advanced for the United States. The list is by no means complete. There is, for instance, a plan advanced by the American Monetary Reform Association which proposes a commission of 15 appointed by the President with senatorial approval to regulate the value of money.

This plan, incorporated in the "Coinage Act of 1932" drawn up by the Association, would enable the Secretary of the Treasury to issue "United States Obligation Notes." By means of these notes and a flexible income tax the Treasury would be able to increase or decrease the amount of money in circulation as the need arose.

Other plans less formally presented suggest a commission to set up an index of business by which the exact state of the country's well-being could be known at any time. It is suggested that leases and contracts carry clauses providing that, when wages and commodity prices are falling, rents and interest payments also come down. Proposals are also heard that government building be planned to take up the slack. William T. Foster and Waddill Catchings made this suggestion some time ago in this magazine. The idea is that government projects be reduced when times are good but speeded up in hard times to take up the slack.

Since this discussion is limited to those proposals which contemplate a unified, coordinated program for this country, it is not necessary to take up such government planning as already exists in various departments, nor the plans that individual companies, industries or groups of industries have adopted to meet their own problems. The Federal Reserve System is an example of the first named. The General Electric, Westinghouse, and Procter and Gamble plans, the Rochester and Pittsburgh plans illustrate the others.

Many study economic planning

NOR is it necessary to discuss international planning as it existed in the Supreme Economic Council of the Allies during the War nor as it has been exemplified since by the World Economic Conference held at Geneva in May, 1927, the League of Nations Conferences in 1930, the six congresses of the International Chamber of Commerce and the Industrial Relations Congress held in Amsterdam last year.

We mention these merely to show that the interest in planning is not confined to any group or nation. A great deal of attention and wisdom is going into the subject. Out of the ferment we are going to get something. Government may give it to us; organized business may give it to us. Or we may get it as President Hoover suggested in his Indianapolis address. He said:

I am able to propose an American plan to you. We plan to take care of 20,000,000 increase in population in the next 20 years. We plan to build for them 4,000,000 new and better homes, thousands of new and still more beautiful city buildings, thousands of factories; to increase the capacity of our railways; to add thousands of miles of highways and waterways; to install 25,000,000 electrical horsepower, to grow 20 per cent more farm products. We plan to provide new parks, schools, colleges and churches for this 20,000,000 people. We plan more leisure for men and women and better opportunities for its enjoyment. We not only plan to provide for all the new generation but we shall, by scientific research and invention, lift the standard of living and security of the whole people. We plan to secure a greater diffusion of wealth, a decrease in poverty and a great reduction in crime. And this plan will be carried out if we just keep on giving the American people a chance.

—P. McC.

In Arms Against Government Costs

ALL over the United States there are signs of public uprisings against the extravagance of government. In a great many states and cities, united taxpayers have already lowered the expense of government. This article tells how a few of them made this saving

Governmental Expenditure

	1890	1903	1913	1923	1924	1928
	AMOUNT—(in millions)					
Federal	$291	$ 475	$ 692	$ 3,885	$ 4,121	$ 3,970
State	77	182	383	1,242	1,432	1,826
Local	487	913	1,844	5,136	5,421	6,813
Total	$855	$1,570	$2,919	$10,263	$10,974	$12,609
	PER CAPITA					
Federal	$ 4.61	$ 5.87	$ 7.17	$34.83	$36.40	$ 33.12
State	1.22	2.25	3.97	11.13	12.65	15.24
Local	7.73	11.27	19.10	46.05	47.89	56.84
Total	$13.56	$19.39	$30.24	$92.01	$96.94	$105.20
	PERCENTAGE DISTRIBUTION					
Federal	34.0	30.3	23.7	37.9	37.6	31.5
State	9.0	11.6	13.1	12.1	13.0	14.5
Local	57.0	58.1	63.2	50.0	49.4	54.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

A BUSINESS leader said to me just before the close of that black business year, 1931:

"We cannot hope for anything like a permanently better business situation until government has been deflated."

A hopeless task it seemed. For years the expense of city, state and Federal Government has been increasing and nowhere was there a sign of any effective, concerted effort to reduce it.

Presidents, governors, mayors, congressmen and councilmen cried "Economy" until their throats were raw but the bill for government grew rather than decreased.

Turn to our Federal Government. We were, in 1910, a country of 90,000,000 people with a budget of less than $700,000,000; in 1930 we were a country of 120,000,000 people with a budget running around $4,000,000,000.

"But," you say, "between those two dates we were through a great war and we are still paying for it."

That's admitted, but let's look at some recent figures. Here are the appropriations for the fiscal year ended June 30, 1917, and for 1930 for certain departments:

	1917	1930
Agriculture	$ 37,000,000	$169,000,000
Commerce	12,500,000	60,000,000
Interior	210,000,000	334,000,000
Justice	11,000,000	30,000,000
State	10,000,000	16,000,000
Independent offices	60,000,000	661,000,000

Government grows and it grows faster than population. What is true of federal taxes is true of state and local taxes as the table indicates.

That's the dark side of the picture. What's the bright side?

This:—

All over the United States there are signs of public uprisings against the extravagance of government. It's a scattered movement not spread uniformly but breaking here and there through the crust of indifference.

Economies have been made

HERE are some cases, culled from newspaper clippings, from letters and documents sent to the editor, from the files of the Finance Department of the United States Chamber of Commerce. They don't begin to constitute a record of all the cases where public indignation at governmental extravagance has stirred public action; they are straws and the wind is blowing.

INDIANA

The Indiana Taxpayers' Association formed a few years ago has stirred up local groups to protest against town and city budgets to have them reduced or take an appeal to the Indiana Tax Board which has the power of review of local budgets and the authority to reduce them.

Indiana has 92 counties. In nearly all of them, less money will be spent in 1932 than in 1931 and the total saving promises to be $7,000,000. (Indiana has more than one-fortieth of the population of the United States. Suppose every other state did as well!)

MINNESOTA

Here the movement sprang from the farmer and the small community. About two years ago J. F. Reed, who had once headed the Minnesota Farm Bureau Federation, was elected president of a not very active state taxpayers' association. He organized county groups of farmers, business and professional men and preached the gospel that tax reform, like charity, began at home.

First the township boards cut off $1,500,000; then the county boards sliced $2,500,000. Still taxpayers were not satisfied. Where the action of the tax leviers was not drastic enough parades to county courthouses and town halls were organized and further cuts demanded. Net, a saving of some $7,000,000 and that outside the cities, like Minneapolis.

(Minnesota has about one-fiftieth of the population of the United States, so she's done even better than Indiana.)

NORTH CAROLINA

The cost of the state government has been cut about 10 per cent. It had grown from $23,500,000 in 1918 to

$100,000,000 in 1930. (See NATION'S BUSINESS for October, 1931)

UTAH

In this state a state taxpayers' association has gone into every corner of the state and organized the taxpayers. Utah with 507,000 population still has 29 counties, 143 incorporated cities and towns and 40 school districts—in all 212 taxing units.

(Don't be surprised, please. Montana, with 537,000 inhabitants, has 2,530 taxing units.)

PHILADELPHIA

Here took place one of the most striking demonstrations of public interest followed by public action. Early in December the City Council approved an increase of 35.5 cents per $100 in the tax rate. That meant a rate of $3.13. Men who, with reduced incomes, were struggling to meet mortgage payments on their homes saw foreclosure sales.

Protest began to pour in on the Council. One real estate dealer with a brutal sense of humor threatened to deed 18 houses to three councilmen and let them pay the taxes. They declined.

Taxpayers stage demonstration

THE council met one day to give final approval to the tax raise. The corridors of the City Hall were filled with determined-looking taxpayers. Action was put off.

The next night between 10,000 and 15,000 men and women swooped down upon the central part of the city and paraded in protest. A taxpayers' association was born. Two days later there was another parade to the City Hall and the Council surrendered.

DETROIT

The Board of Commerce has taken the lead in this city. The Board is forcing tax reduction by driving the city government to economy. One of the points of attack is overlapping of work—Parks and Boulevards doing paving and repairs in its fields while Public Works does the same job for all streets not boulevards or in parks. Great waste results.

The Board of Commerce committee studied salaries below $3,500 a year in city jobs and in private work. The City paid 30 per cent more.

LOUISVILLE

Here a Property Owners' Association is leading the tax battle. It is fighting to get a 40 cent cut in the rate on real property.

NEWARK

Six business men's associations are working together to force economies on the Board of City Commissioners. The protest of the business men goes to the heart of things.

It is notoriously hard to attack school expenditures. Some citizens always feel that education covers any sin of expenditure. Look at this picture of Newark's School Bill:

In 1921, the school population was 83,450; in 1930 it was 86,087, a three per cent increase. During the same period current school expenses had increased 76 per cent from $5,945,285 in 1921 to $10,448,737 in 1930. The number of principals, teachers and clerks increased 11 per cent. Teachers' salaries increased 73 per cent.

No wonder the business men say:

"Merely holding budget appropriations at their present level will not suffice."

How to pay their debts?

THESE are some of the cases of states and cities where resentment against governmental extravagance has crystallized into action.

To them might be added a number of cases of cities and of states which are wondering how they shall meet pay rolls and bond interests.

The troubles of Chicago have been front paged in every city in the country. Chicago is a large, densely popu-

(Continued on page 81)



WILLIAM RITTASE

The Indiana Taxpayers' Association's campaign to reduce town and county budgets will lighten the burden $7,000,000 in 1932



Wall Street in 1836—baited by the press as a "den of gamblers" CULVER SERVICE

Tragic Eras of American Business
1837 and 1857

By WILLIAM BOYD CRAIG
Of the staff of NATION'S BUSINESS

★ **LAST month Mr. Craig gave a picture of the panic of 1873 as revealed by the reports of those who went through it. This month he discusses two other great depressions. As you examine these reports you will probably agree that each of them has contributed something to stability. These two, for instance, clarified the currency situation**

THE first great nation-wide panic this country knew was in 1837. Contemporary accounts of it make the depression of 1930 and 1931 seem mild. Three hundred merchants of New York City, in a letter to President Van Buren, described the state of affairs:

"We do not tell a fictitious tale of woe. We have no selfish or partisan views to sustain when we assure you that the noble city we represent lies prostrate in despair, its credit blighted, its industry paralyzed, and without a hope beaming through the darkness of the future, unless the Government can be induced to relinquish the measures to which we attribute our distress."

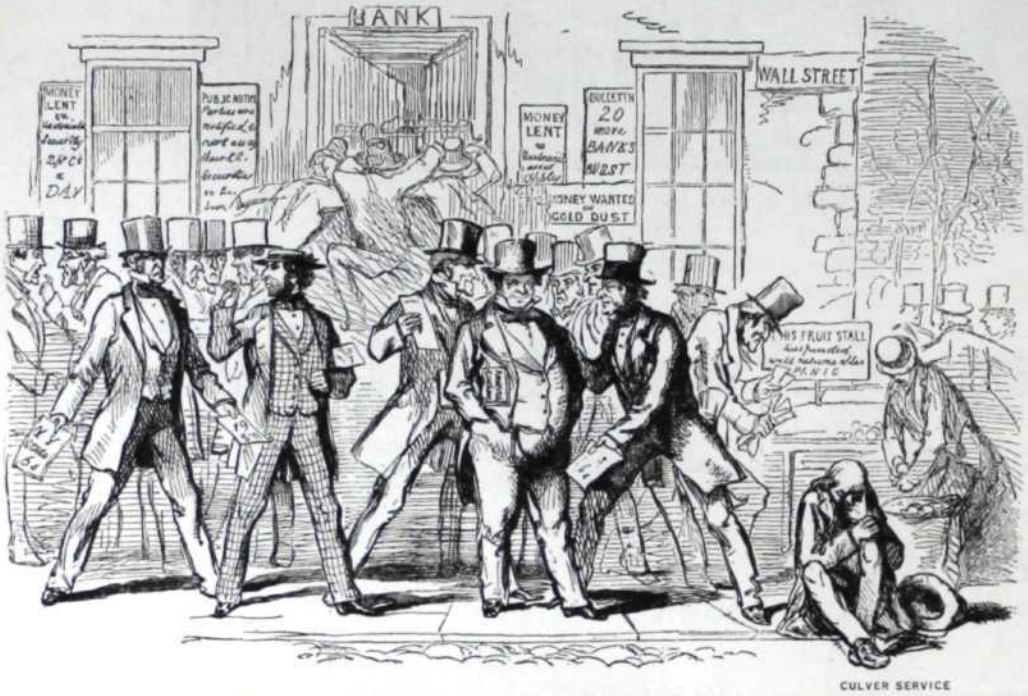
Van Buren received this greeting on May 3, 1837, two months after he had succeeded "Dictator" Jackson in office. The petition was in protest against the Specie Circular, issued in the last days of the Jackson Administration in favor of specie currency. The merchants painted a dark picture, as recorded in the New York *Journal of Commerce*, in assuring the President that

the value of our real estate has within the last six months depreciated more than $40,000,000; within the last two months more than 250 houses engaged in extensive business have failed; within the same period, a decline of $20,000,000 has occurred in our local stocks including thousands of railroad and canal corporations which, though chartered in other states, depend chiefly upon New York for their sale; the immense amount of merchandise in our warehouses has within the same period fallen in value at least 30 per cent; within a few weeks not less than 20,000 individuals dependent upon their daily labor for their daily bread have been discharged by their employers because the means of retaining them were exhausted and a complete blight has fallen upon a community so active, enterprising and prosperous. The error of our rulers has produced a wider desolation than the pestilence that depopulated our streets or the conflagration which laid them in ashes.

The panic of 1837 alarmed every section of the country. The decade preceding had doubled the nation's wealth. Progress was becoming a watchword. In



Bank notes issued in the prosperity before 1837 soon were worthless. Many banks refused their own paper



CULVER SERVICE

"The Panic in Wall Street" as seen by an artist of 1857

1828 the "Valley of Democracy" had crashed through with a presidential victory. Sheer numbers, for perhaps the first time in the history of the world, had achieved a dizzying triumph. A giant barbecue on the White House lawn, with many barrels of whiskey and hard cider—and "democracy" was in the saddle. The masses had found a way to make themselves articulate.

Anti-Bank politics

THEY chose as their first champion an iron ruler who was out to "get" the United States Bank because he hated everything Hamiltonian. He succeeded (although it did remain in business until 1839), and nearly wrecked the commercial structure of the country.

A great fire in the commercial district of New York occurred in 1835. Damage was estimated at $20,000,000. Insurance companies, unable to make good their policies, "closed out their affairs," thus adding to the disaster and contributing in some degree to the crash which was to come.

Speculation was in the air. The frontier, slowly being pushed into the valley of the Mississippi, needed financing. It got its money for canals, railroads, post roads and banks from the "conservative" capitalists of the seaboard and from Europe. Western lands were passed from hand to hand. In 1836, the Government sold 20,000,000 acres of public lands. Wall Street was already being baited by the press as a den of gamblers.

By the following year, banks began to refuse their own paper. Brokers, the more speculative at least, began to fail. By January, 1837, flour had jumped to $11 a barrel, an increase of nearly 40 per cent over the previous winter. Crops were generally bad in 1836. Suffering of the poor was anticipated on all sides.

Mob meetings

IN FEBRUARY, thousands of aroused citizens met in City Hall Park, New York, to consider the high cost of flour, fuel, rent and other commodities. After the meeting dispersed, an angry mob attacked the flour and feed store of Eli Hart & Co. on Washington Street and destroyed the stock. In Boston a mob stormed the City Hall.

News from New Orleans was bad. In five days, liabilities of failing firms were estimated at $100,000,000. Negro slaves dropped in price in a few days from $1,200 to $350, as cotton went from 20 to ten cents. The first 90 commercial houses to fail in New York carried $90,000,000 in liabilities. From March to May, 280 firms went under. In Boston, 168 went down in the same time. The house of Burke, Wall & Co., in New Orleans, failed for $20,000,000. Large bank failures were reported from Natchez and Buffalo.

On May 10, all the banks in New York suspended specie payment, except the Manhattan Company, The Merchants, and Bank of America. Later these three also had to suspend. The next day the New York papers reported suspensions at Boston, Salem, Lowell, Providence, Philadelphia and Baltimore. Anti-bank meetings were held all over the country. The harassed mer-

chants and citizens got little cheer as new reports brought word of suspensions at Montreal, Quebec, Charleston, Savannah, and Cincinnati.

Little hard money in use

HOTELS and saloons in New York and other cities issued their own small notes which served as a sort of private "shinplaster" currency. By May 22, every bank in America was refusing gold or silver for any sort of American paper money. It was as if nearly all the business of the country had to be carried on with its small change. By June, English paper carried a 20 per cent premium. Later it rose to 22 per cent.

The temper of the time can be read in the contemporary newspapers. On July 1, 1837, the New York *Daily Express*, commenting on the news brought by a packet from England, said:

> The indebtedness of this country to England must be very great; the stoppage of our banks and the consequences of sudden and exorbitant advance in exchange will place it almost beyond the power of the debtors to make good their amounts. Time will no doubt produce a change. Exchanges are so out of joint that it is difficult to operate at all, but as absolute necessity must force a better state of things (for a worse cannot be) we look forward to a more favorable condition. Spring sales are over, if indeed such a thing has existed. Never within the last 20 years has there been so little business done in one season.

The *Express* a few days later computes that, "Last year 16 firms in this city, engaged in the clothing business, paid out to their workers in wages $1,600,000. This year the same firms have paid out but $55,000. Nearly the same falling off in all descriptions of trade has been realized."

"We are now in the dullest season of the year," said the same journal on August 5, "and no prospect of business until next month, and very little then. The fall season will open with a less stock of goods on hand than was ever known."

The St. Louis *Republican* on April 22, 1837, complains the East pays taxes in bank notes but western land offices require hard money.

"People of the Atlantic States have not to pay a heavy premium such as is paid by us for gold or silver. Such is the difference between the people of the North and West—the one portion is ground in the dust to obtain specie for the land office, the other petted and everything having a resemblance to bank notes paid to the revenue office."

In this age of pioneering James Gordon Bennett (the elder) was crossing new frontiers in journalism. His New York *Daily Herald* was the nucleus of one of the first great newspaper properties. At times he was broadly libelous.

When Van Buren read his message to Congress in September, 1837, he was still adamant in his policy to stand firm against inflation. Bennett admired his courage, saying editorially:

"We did not think there was so much real stuff in the little cabbage dealing rascal of Kinderhook as his message indicates."

Always liberal with advice, he suggested to Wall Street men a few days after the panic was on that "when they are losing property and prospects by overaction, they ought not to throw away their senses also. Keep something to begin upon again."

Prices dropped rapidly

OF PRICES current, he writes, "Butchers meat of every description is full three cents per pound cheaper. Garden stuffs are equally decreased in price; groceries, too; and this when paper has not been a week bankrupt."

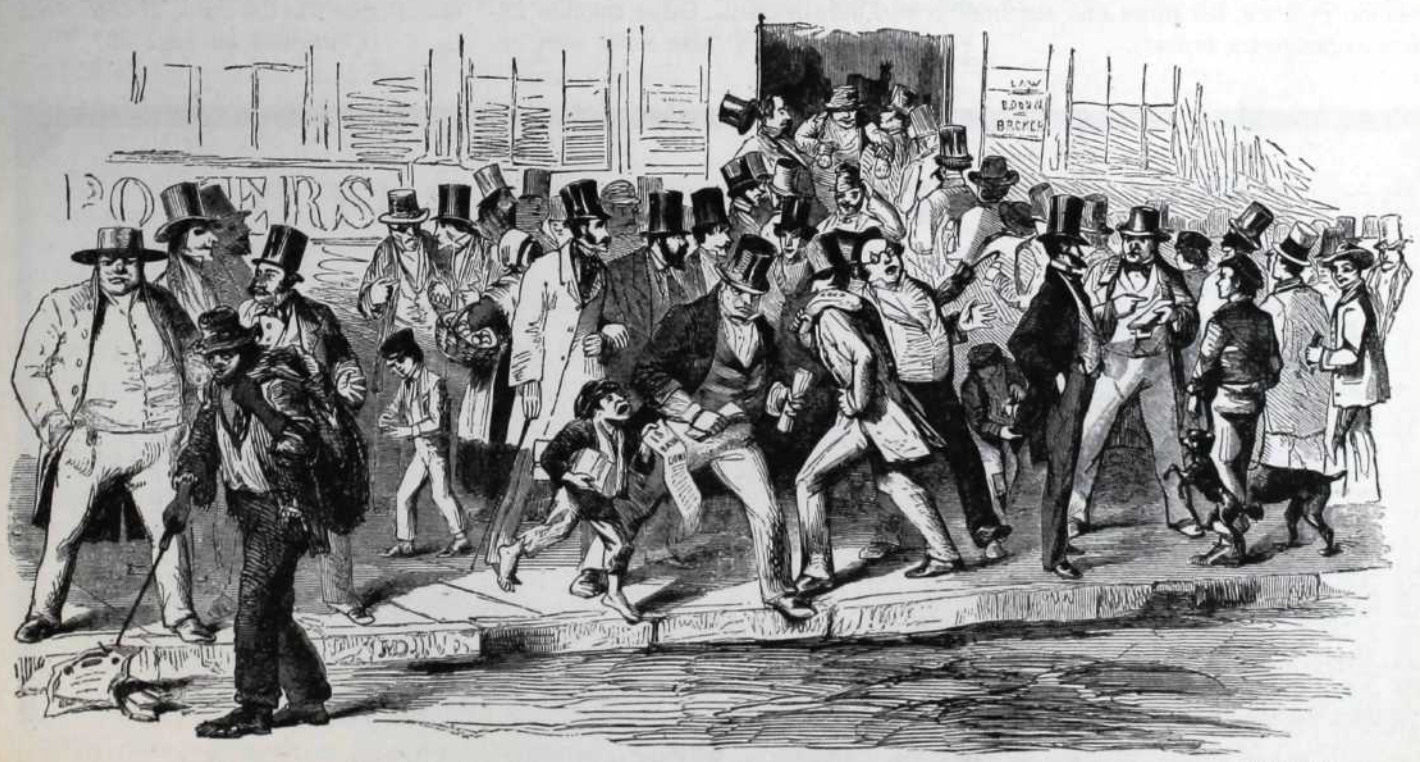
A day later he reports that "we are still in a state of anarchy in relation to exchange, paper currency, and all large commercial operations."

An advertisement which bears evidence of the state of the times is here reprinted from the *Daily Herald* for May 16, 1837.

While Tom was passing down the street,
With a whole handful of Bank Bills,
A legal friend he chanced to meet,
And thus, address'd the man of quills

Pray how the devil shall I get
The value of these rags, I pray.
The Banks declare they're solvent, yet
The Tradesmen all declare they're rotten.

My children now are starving quite
If I go home my wife will fell me
For she's not had her Tea tonight
Where's there a store will take them?—tell me.



CULVER SERVICE

A contemporary picture showing the run on the Seamens Savings Bank in 1857. Observe the trash man unconcernedly collecting stock certificates out of the gutter

Why! At two hundred and seventy four
In Greenwich street, you'll do the thing
Where the New York Tea Company's store
Gives Tea for all the Notes you bring.

It is difficult to make an accurate estimate of the panic of 1837. Figures are lacking but it was undoubtedly one of the greatest the country has ever known. The natural optimism of a young people was probably the strongest factor in hastening a recovery. There was a feeling that wealth and still more wealth was to be had in the West. Land was abundant, and an unspoiled continent was awaiting exploitation. Every man was as good as his neighbor. Every man was good enough to hold any office within the gift of the people.

Investments eagerly made

FAITH in the West was in the hearts of all men. It even coaxed money out of the New England Puritans, who, by 1825, were full-blown Yankees. And, in spite of defalcations and many disappointments, "The City," in London felt much the same way about the possibilities of the continent to the west.

Stock to the extent of a million dollars was issued in New York in 1825 for the Morris Canal and Banking Company. Twenty million was offered. In Philadelphia in the same year, men were hired to fight their way through crowds to buy stock in the newly formed Bank of Southwark. When the announcement came out that the New York Water Works was to issue two million in stock, ten times that amount was rushed to the brokers.

When the crash came in 1837, the editors of the period put the causes down to speculation, for the most part. The American System of "Harry of the West"—high tariff and internal improvements at the expense of the Federal Treasury—was the highest wisdom to some, but to Democrats generally, it was anathema.

Perhaps in comparison with the United States of the present, the Panic of 1837 seems small. But it should be kept in mind that in that year only 26 states and the District of Columbia had been admitted to the Union. The population was about 17,000,000.

New York had a population of about 500,000, Boston about 80,000, and Philadelphia 90,000. The newspapers advertised comfortable transportation "by luxurious canal and rail equipment" from Philadelphia to Pittsburgh in "only three and one-half days." The canal boats were loaded on cars at Hollidaysburg and hauled by cables over the Alleghenies to Johnstown. In spite of setbacks, the country went onward. It was during this era that much of the modern ideal of progress first captured the imaginations of men.

The depression of 1837 was not this country's first. Its effects were merely the broadest up to that time.

As far back as 1690 the New England States were retarded in their commerce by what was then a serious inflation. Sir William Phips led an unsuccessful attempt to win Quebec and Canada from the French. The foray had to be paid for and the Massachusetts Bay Colony issued bills of credit. Other colonies followed suit. When these notes were refused in England, they depreciated here as well. Soon the paper was only worth half its face in English currency.

A more serious depression occurred in 1747-8, when $3,000,000 in bills of credit were issued to pay the expenses of a more favorable expedition into Canada. Shortly afterwards, 100 pounds in sterling would buy 1,100 pounds of Massachusetts paper.

One of the most hysterical and senseless depressions in all our history occurred during the Administration of the first Adams. Brought on by fear of a war with France and intense political feeling, it was highly injurious to the progress of the young nation.

Embargo caused hard times

DURING the Embargo stagnation of 1806-1809, the infant Republic again faced a highly serious situation. On March 9, 1809, a Committee of the Massachusetts Legislature, having concluded a "survey," reported that "Our agriculture is discouraged. The fisheries are abandoned. Navigation is forbidden. Our commerce at home restrained, if not annihilated. The revenue extinguished." On March 15 the Embargo was raised.

But more hard times were just around the corner. The War of 1812 stopped specie transportation, and the banks which were still operating suspended. According to contemporary accounts, the Peace of 1815 found the country prostrate.

After the crisis of '37, the next great catastrophe was the Panic of 1857, com-

(*Continued on page 52*)



THE NEW YORK HERALD.

WHOLE NO. 7706. MORNING EDITION—FRIDAY, OCTOBER 9, 1857. PRICE TWO CENTS.

THE REVULSION.

Twenty years after the Elder Bennett counselled Wall Street men not to "throw away their heads," the *Herald* again was reporting a panic. It called this one "The Revulsion"

No Business Can Escape Change

★**"WHAT'S new?" is a constant question in this busy world of ours, and the endless repetition is justified by the ever-shifting pattern of the answers. Those answers are important, for what's new in one business may portend success or failure for a dozen others**

OPERATED by gas, oil or coal, an air-conditioning unit for the home which heats, ventilates, humidifies in winter, cools and ventilates in summer is soon to be on the market at less than $1,500. . . .

•

THEN there's a new portable electric air conditioner for room use which blows hot or cool by the turn of a switch. . . .

•

A NEW electric clock has an alarm which rings at a predetermined time each day without being reset and a "notifier" which apprises one of the expiration of any period from one minute to three hours. . . .

•

A RECENTLY developed "steel tile" of light-gauge steel is cut in bath-room tile size, coated with vitreous enamel, and mounted on heavy composition board with special glue. . . .

•

OAK flooring is finding a new use as "walling." Finished in brilliant color tones, polished and waxed, it produces the effect of a solid sheet of oak from floor to ceiling. . . .

•

A NEW soundproof insulating plaster base is made of wide-mesh expanded metal backed with noninflammable corrugated paper board. Cost compares with a wood-lath job. . . .

•

IN a new water-tight wall, an L-shaped piece of alloy metal is hooked into grooves in each brick, forming a mesh reinforcement vertically and horizontally. . . .

•

GERMAN chemists have a new process for making wood noninflammable. Treated wood chars, but won't burn. . . .

•

"METERED radio" is now available to hotels, on a percentage basis. Guests insert nickel, dime or quarter, get their choice of stations. Too-loud tuning is prevented. . . .

•

FITTING of children's shoes is simplified by a new transparent form which reveals the exact position the foot will occupy in a shoe of the same size. . . .

•

A NEW crane, designed for handling flat materials whose surfaces must be preserved and in which breaks and buckles must be avoided, lifts by powerful suction cups. . . .

A NEW printing device for scales makes a permanent record of weighings without affecting the scale's accuracy. . . .

•

TWO flames feature a new oxyacetylene blowpipe, one for preheating the welding rod, one for actual welding. Almost automatic, it permits continuous welding, saves gas. . . .

•

SURPLUS metal left along the weld in resistance welding of steel barrels and similar containers is speedily and automatically removed by a new machine. . . .

•

STEEL barrels are given sanitary enamel-like or hard rubber linings by a new process, suiting them for use in shipment of various food and other products. . . .

•

A NEW ceramic is said to change less in size for temperature variations than any material now in use. . . .

•

NEW methods for refining potash deposits may lead to large commercial developments in Texas. Gypsum and magnesium hydroxide are valuable by-products of the process. . . .

•

A NEW high-speed metallographic microscope measures the crystal structure of metals to within a hundred-thousandth of an inch, takes pictures magnifying 15,000 times. . . .

•

A SMALL portable instrument has been devised which quickly tests hardness of metal, using the principle of the falling pendulum. . . .

•

A NEW kind of metal for watch hairsprings retains its elasticity regardless of atmospheric temperature variations, is resistant to rust, cannot be permanently magnetized. . . .

•

ESTIMATING plastering and other building jobs is made easy by a new graphic scale of transparent celluloid. Laid on a blueprint, superimposed figures give areas, cubical content, or other data at a glance. . . .

•

BY a special paper insert, pie can now be baked ready-cut in six equal sectors. Difficulties in cutting and serving those having juicy fillers are thus avoided. . . .

•

A NEW seamless, flexible metallic tubing for conveying gas or liquids at high pressures and temperatures promises to simplify installations, reduce maintenance costs. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this department is gathered from industrial and scientific publications, announcements from individual industries, bulletins from research institutions and from personal interviews. Further information upon any of the subjects mentioned will be furnished readers upon request.

Putting Science Into Advertising

By L. D. H. WELD

Director of Research, McCann-Erickson, Inc.

ILLUSTRATIONS BY D'ARCY



Bad weather in one city may affect the results of the consumer test of advertising

●

PART II · In Part I of this article Mr. Weld described how the proper amount to spend for advertising may be determined. Here he explains how copy is tested as to effectiveness before an expensive campaign begins

THE PROBLEM of media selection, of reaching the right people and of allocating advertising geographically according to the potential market, have all been attacked in a thorough and scientific manner, and several chapters could be written on each of these subjects. But we want to pass on to the question, "How do I know that I am using effective copy, based on the soundest appeal?"

This is the question that bothers advertisers the most. The writing of advertising copy is usually left to expert copywriters, but even experienced advertising men commonly disagree as to whether the best advertising appeal is being used or whether a particular piece of copy will do the best possible sales job.

When the advertising agency makes a "presentation" of a proposed campaign, and tries to sell it to the client, the client often wonders how the agency can be so sure of itself, and often finally accepts the plan in whole, or in modified form, with considerable misgivings.

Oftentimes, the agency does not really know that the proposed campaign will be effective. Advertising men trust largely to judgment based on long experience, and sometimes to mere hunches. But gradually there are being developed methods for pre-determining the effectiveness of different types of copy, and of finding out which particular pieces of copy, out of a number that have been prepared, will be most likely to produce sales. This involves the testing of copy before it is allowed to run in an extensive and expensive campaign.

The testing of copy can be carried out most easily and successfully when goods are sold by mail. The reason for this is that, in the mail order business, there are no factors except advertising to affect sales. An advertisement is successful only if it brings in enough sales so that the cost *per* sale is low enough to yield a reasonable profit. It is, therefore, possible to try out a particular piece of copy in three or four newspapers, and to record the number of orders and advertising cost *per* order, to determine whether it is successful. In the selling of books and other commodities and services by mail, this matter of testing has been reduced almost to a mathematical formula. It is possible to foretell with a high degree of accuracy the number of orders that a tested advertisement will pull when it is run in a given list of magazines.

No standardization

BUT most products are sold not by mail, but through the regular channels of distribution, and the pretesting of copy becomes more difficult and involved. Many attempts have been made, through the use of psychological principles and laboratory tests, to evaluate fundamental advertising appeals that may be used in all advertising. These experiments have been recorded in several books published in the past 20 years but the results have never been generally accepted and they have had relatively little effect on the activities of the writers of advertisements.

More progress has been made in recent years, not by trying to discover fundamental laws that apply to all advertising, but by trying to find out the best appeals and the best types of copy to use for a specific product under actual market conditions. This involves two steps—first, the determination of the best appeal or "slant" to use; and,

ANNOUNCING

A NEW LINE OF CHEVROLET SIX-CYLINDER TRUCKS

NEW CHASSIS • NEW BODIES NEW LOWER PRICES

New in chassis—*new* in bodies—*new* in every vital part that has to do with economical, efficient hauling—*yet selling at prices even lower than the extremely low prices of last year.* That, briefly, is the story of the new line of six-cylinder trucks, which Chevrolet now presents to American business and industry. These trucks are available as complete units—in three wheelbase lengths—½-ton and 1½-ton capacities and 28 different body types. The price reductions, which apply on every model in the entire line, range from $10 to as high as $65 and make Chevrolet's first-cost one of the lowest in the market. Along with many important new features and betterments, they make the Chevrolet truck, more than ever, the one to buy for lowest transportation costs. *Outstanding features of the new Chevrolet truck:* A new line of Chevrolet-built bodies. Handsome new lines. Stronger, more efficient body construction. Larger bulk capacity. New, roomier, more comfortable cabs. A wide variety of optional color combinations. A new truck-type six-cylinder engine, developing greater power and speed, and assuring matchless economy of operation. A new, heavier frame. New, stronger truck-type springs. A new, sturdier, smoother-operating truck-type clutch. On the 1½-ton truck, a new heavier, more efficient 4-speed transmission. A truck-type rear axle 25 per cent stronger than before. Web-type wheels, interchangeable in both single and dual wheel equipment. For the light delivery models, the easy-shifting extra-safe *Syncro-Mesh* Transmission. The lowest operating cost of any truck on the market.

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN

Division of General Motors

CHASSIS PRICED AS LOW AS

$355

½-TON MODELS WITH BODIES PRICED AS LOW AS

$440

1½-TON MODELS WITH BODIES PRICED AS LOW AS

$670

All prices f. o. b. Flint, Mich. Special equipment extra. Low delivered prices and easy G. M. A. C. terms



THE DE LUXE HALF-TON PANEL, $595

When visiting a Chevrolet dealer please mention Nation's Business

second, the determination of the best pieces of copy, based on the fundamental appeal selected.

In determining fundamental appeals, dealer and consumer surveys provide the most important method. Likes and dislikes, reasons for buying or for not buying, the uses that are made of a product, are discovered in this way. There has been substantial progress in the technique used in surveys. Several companies specialize in making surveys, and have trained staffs of interviewers in all parts of the country. The kinds of questions asked have been improved.

Various statistical devices are being employed for measuring more accurately the attitudes of the buying public. Methods used formerly only by psychologists, such as that of "paired comparisons," are employed with considerable success.

Studying effects of advertising

IF THERE is still some question as to the relative value of different appeals, there are two principal methods of testing them. One is by means of actual sales tests in selected localities. The other is the "consumer opinion" test.

The actual sales test may best be explained by describing the procedure that was recently used in determining the relative pulling power of three distinct types of ads for a particular product.

The first step was to select 12 medium-sized cities in Connecticut, New York, and Pennsylvania; cities as nearly alike as possible in population, buying power, and quality of newspapers. These 12 cities were divided into four groups of three cities each, again with the idea of making the different groups as nearly alike as possible. One group was held as a "control" group, in which no advertising was run during the test.

Arrangements were made with eight or ten of the leading retailers (which accounted for a large proportion of total sales) in each city to permit an investigator to obtain records of actual sales. Cooperation was obtained by giving each of these dealers a certain quantity of free goods. The dealers agreed to do no local advertising of the product, not to display it in their windows, and not to push it in any way.

At first, there was a period of four weeks without advertising. The investigators obtained a careful statement of sales for this period. Then, for four weeks, one type of advertisement was run in one group of cities, a second type in another group, and a third type in another group, with no advertising in the control group. Records of sales were again obtained, and the results compared.

Tests by means of actual sales would appear to be the most authentic and conclusive form of testing. Perhaps they are; but the matter is not entirely simple. Many things can happen to upset the results. Bad weather in one or several cities may affect results. A store not in the selected group may include the item at a low price in a special Saturday sale, thereby causing an abnormally large sale in one city. Business conditions in one or more cities may change in the course of the test. Competitors may launch special advertising or sales drives in some of the cities. Or unexpected seasonal changes may affect sales.

Although many, or most, of these things can be allowed for through careful supervision and control, a feeling of uncertainty or of inconclusiveness may remain at the end of the test. Add to this the fact that such a sales test involves considerable time and expense, and we probably have the reasons why such tests are not more frequently used.

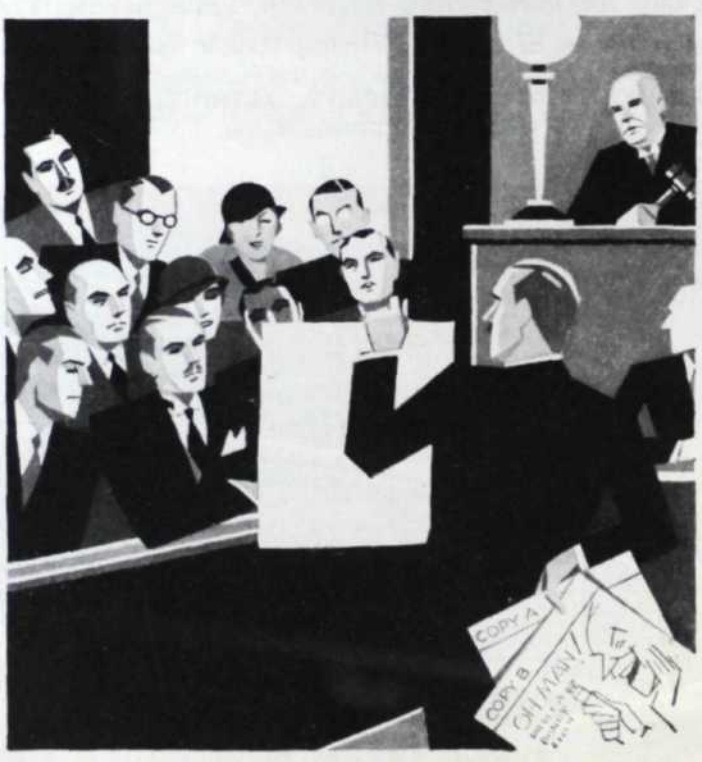
The consumer opinion test is the other method of testing. Say that three different appeals or types of copy are to be tried out. Three ads based on each appeal are prepared, so that there are nine in all, and these are taken around from house to house. The person interviewed is asked to arrange these ads in the order in which they would be most likely to induce her (or him) to buy the product advertised. After a hundred interviews have been obtained, a few ads will stand out as the first choices, and it is generally found that these first choices show which fundamental appeal is the strongest.

Jury decides effectiveness

OR THE same thing may be done by mail among a group of people (sometimes called the "jury") selected for this purpose. At least one advertising agency gives presents to the members of their jury to maintain their interest. It has been proved that it is possible to use the same people again and again because tests made with an entirely different list have yielded the same results.

A recent example of this method of testing may be cited. In advertising a certain well-known product, three different types of copy had been used. One was straight scientific copy, describing the effective quality of the product; another was "scare" copy, depicting the dangers that might be avoided by its use; the third type was based on a humorous appeal.

These three types of copy were tried out by the "jury" method. The vote was overwhelmingly for the scare type of copy, with the comic type running second. The result did not necessarily mean that the comedy approach was ineffective, possibly to supplement the other advertising, but it indicated that the scare type would undoubtedly be much more effective as the main basis of the campaign.



Three types of copy were tested by the "jury" method. The "scare" type won by a large majority

Consumer-opinion tests should be made among "ordinary consumers," rather than among advertising people, or among people who have a professional or business interest in the product. The results of such tests have been surprising. They have been checked against sales tests, and the results have been approximately the same. Consumer opinion tests fail to appraise the relative "attention getting" value of different ads, and are of little use in testing different sizes of ads. Their great advantage

(Continued on page 62)



"FRIGIDAIRE'S SAVINGS MEAN A LOT TO US..."

Eastern States Milling Corp.

"Welfare of our employees was uppermost in our minds when we installed our new Frigidaire water coolers. We have since found our investment a profitable one. The old method was an expensive one. In less than four years our Frigidaires will pay for themselves. Frigidaire's savings mean a lot to us . . ."

G. F. GILMORE, *Assistant Treasurer.*



There are models for cooling bottled water and models for connection to city water lines. Some models have a special locked refrigerator compartment for sandwiches and beverages. All models for cooling bottled water have a new type of faucet. It's so convenient that a glass of water can be drawn by using only one hand. Many other features have been added to the new Frigidaire Water Coolers.

He blamed his secretary, but it wasn't her fault she made so many trips to the drinking fountain. The real reason was an inefficient water cooling system. Sometimes the water was too warm, other times too cold. As a result, she drank only a sip at a time. Then in a half-hour, back she'd go again.

If you use inefficient water cooling methods in your office this same condition undoubtedly exists. Put it down in red ink . . . inefficient coolers are great time wasters. *And you're paying the bill.*

Frigidaire Water Coolers will correct this condition in your office by providing an unfailing supply of refreshing, properly cooled water at all times. Frigidaire is less expensive to operate. And there's no muss or inconvenience as with other methods.

The improved Frigidaire sets revolutionary new standards of convenience, service and beauty. All models are compact, smartly designed and finished in a neutral shade of Duco that harmonizes with any surroundings. The cabinet is sealed everywhere against dust and provided with a thermostat control. Most important, is the EXTRA POWER of the Frigidaire mechanism . . . regulated to provide a surplus of precooled water for extremely hot days. Many other features have been added . . . write for details. Frigidaire Corporation, Dayton, Ohio.

FRIGIDAIRE WATER COOLERS

Equipped with a Refrigerating Unit that is Guaranteed for 3 Years

When writing to Frigidaire Corporation *please mention Nation's Business*

Wrigley Digs Deeper

Uses Addressograph and Multigraph equipment in immense mail campaign, achieving dividend quota for 1931 by October 1st.


ADDRESSOGRAPH NEWS MULTIGRAPH

When the Surface Gold is Gone

M

"When the Surface Gold is Gone"

Mr. Wrigley's experience endorses our counsel to "dig deeper," as advanced on the front page of the above issue of Addressograph-Multigraph News.

We shall be glad to send you a copy of this "PROOF" issue of the A-M News. It gives an interesting account of our success in digging deeper into our field, together with scores of other Addressograph-Multigraph savings- and profit-experiences.

With your request we will send a 15" x 22" reproduction of the front page — printed on heavy enamel stock, free of advertising matter, and suitable for framing. Write today.

"TELL 'em quick and tell 'em often."

William Wrigley's slogan . . . the powerful force behind his most successful mail campaign:—*monthly sales literature to 900,000 retailers, 43,000 jobber salesmen, 15,000 jobbers!*

A rousing Wrigley letter campaign economically produced and speeded out with Addressograph-Multigraph equipment . . . an aggressive selling drive that "dug deeper" . . . and netted new profit records from new business fields.

Wrigley's success is duplicated in measure by thousands of other Addressograph and Multigraph users. Despite general increased sales resistance, they have recently *increased* their sales volume:

"We can truthfully say Addressograph has increased our business 35% to 40%." G. G. Moss Co. Inc., Richmond, Va. (Jobber)

"Since using Multigraph, our business has increased 40% in the last two months." Douberly Bros., Wholesalers, Orlando, Fla.

"Addressograph direct mailing increased our business 20% the first nine months (1931)." Silverbloom, Inc., Collinsville, Ill. (Retailers)

"Multigraph enabled us to sell more honey during the last two months than in the previous year." J. E. Crane & Son, Middlebury, Vermont.

You can definitely gauge your rewards with Addressograph and Multigraph by these representative records.

What they have done *you* can do. Attain new profit objectives by utilizing the efficient direct mail sales-building advantages offered in Addressograph-Multigraph products. There are models to suit every need and purse. A representative will demonstrate, without obligation, *that this equipment can make money and save money for you.* Ask him to prove it!

Addressograph Company — Multigraph Company,
Divisions of
Addressograph-Multigraph Corporation,
1814 East 40th Street, Cleveland, Ohio

Addressograph
TRADE MARK

and hits new PAY DIRT!

WM. WRIGLEY JR. COMPANY
CHEWING GUM MANUFACTURERS
WRIGLEY BUILDING
400 NORTH MICHIGAN AVENUE
CHICAGO, ILL.

November 20, 1931

Mr. J. E. Rogers, Pres.,
Addressograph - Multigraph Corp.,
Cleveland, Ohio.

Dear Mr. Rogers:

I was quite interested in an article entitled--"When The Surface Gold Is Gone"--which appeared recently in a publication issued by your company.

Here is a story that should be read by every business man in America because it exposes the shallowness of depression. We know that just beneath the surface of this so-called business depression is economic relief and prosperity. But we must dig.

Like the old miner, in the story, there are thousands of men in every enterprise who have not taken the time or trouble to "dig beneath the surface."

I know that you are going beneath the surface by the large expansion program your company has launched. The Wrigley Company always has dug beneath the surface for business, and several months ago we began digging a little deeper. We knew business was there so we dug until we struck it.

To stimulate our digging we increased our Addressograph - Multigraph equipment and began a direct mail campaign to over 900,000 retailers in the United States.

And, we struck pay-dirt!

I am firmly convinced that if we had more digging and less talking, confidence in American business would soon be restored.

Sincerely yours,
Philip K. Wrigley
PRESIDENT,
WM. WRIGLEY JR. COMPANY.



Wrigley Building, Chicago—a monument to Mr. William Wrigley's energy. Addressograph-Multigraph equipment has helped him attain leadership. Employ Addressograph-Multigraph methods in your business to open up new markets, and to develop more business from old markets.

Multigraph
TRADE MARK

CORPORATION *please mention Nation's Business*

It's the Poor Who Pay a Sales Tax

By ALBERT H. MORRILL

President, Kroger Grocery & Baking Company
President, Piggly-Wiggly Corporation
President, National Chain Store Association

THE FALLACY of the claim that the costs of government are borne by the rich and those who make a direct contribution to the National Treasury cannot be too often exposed. No system has been devised, I do not think any system could be devised, under which any person living in this country could escape being affected by the cost of our government. It has a direct effect both upon the rate and the purchasing power of wages. It is felt in the price of those prime necessities of existence, food, clothing, fuel and shelter. It would appear to be elementary that the more the Government expends the more it must require every producer to contribute out of his production to the public treasury, and the less he will have for his own benefit. The continuing costs of public administration can be met in only one way—by the work of the people. The higher they become, the more the people must work for the Government. The less they are, the more the people can work for themselves.

Taken from message to Congress by CALVIN COOLIDGE, *Dec. 3, 1924*

LAST May the United States Supreme Court upheld as constitutional an Indiana state law imposing a graduated scale of license fees upon chain-store organizations. In October it declined to grant a rehearing on its decision and refused to review a decision of the Supreme Court of North Carolina sustaining the validity of a similar law in that state.

Although business men and the public have viewed this matter calmly from the sidelines, it is, in fact, something which concerns them vitally. A tax on chain stores affects the American consumer as directly as any other possible form of tax.

Real importance attaches, moreover, not to the tax itself, but to the direction in which this tax indicates the legislatures are going.

That direction is certainly toward a graduated sales tax based, not on profits, but on volume. Let us examine the possibilities.

Two motives dictate the effort to tax the chains.

The first, to put it bluntly, is the desire to handicap a competitor.

Some of the individual retailers who join in these campaigns are undoubtedly sincere in believing that their effort is directed against an "unfair" competitor.

The Supreme Court calls that competitor more "efficient."

In the decision on the Indiana case, the very decision which makes chain taxing permissible, the Court recognizes the superiority of the chain principle in these words:

> With respect to associations of individual stores for purposes of cooperative buying, exchanges of ideas as to advertising, sales methods, etc., it need only be remarked that these are voluntary groups and that series of independent units cannot, in the nature of things, be as efficiently and successfully integrated as a chain under a single management.

That is the attitude of the Court, but it declared that "it is not the function of this Court to consider the propriety or justice of this tax, to seek for the motives, or to criticise the public policy which dictated the adoption of the legislation."

Penalizing small profits

THE dominant "motive" of many of those who hope to impose exorbitant taxes on chain stores is clearly expressed in a recent statement by a leader prominent in their ranks, who said:

> What we want is a law like the Indiana law, but much more drastic. The Indiana law taxes stores a maximum of $25 a year, which would be scarcely felt. We want to see competition put on a fairer basis by penalizing the firm which has 100 stores and can be content with but a small weekly profit on each.

The second chief motive for taxing the chains is primarily a governmental one. It is the desire and the effort to find new sources of revenue.

While a graduated tax on chain-store organizations such as that of Indiana may contribute toward this end, it will not, of course, provide the total revenue required. When the decision was announced, the United Business Service of Boston issued an interesting statement which said, among other things:

> Offhand, it looks like a wallop at the chain stores and a boon to the independents. But these Indiana retailers have planted a dangerous seed, a seed that may eventually blossom forth into a full grown sales tax . . . Whether you are for 'em or agin 'em, we are heading for sales taxes in one form or another. If your business would be injured, better fight now than mourn later.

Having once discovered the possibility of taxing business in a direct way, may not hard-pressed legislators find it logical to extend their efforts?

Suppose you should notice in your newspaper tomorrow that henceforth every single item produced by every factory in your state is to be taxed. Would that be a handicap to you and to your state? If you happen to be a Michigan automobile manufacturer just what would that mean to you? Or if you ran a New Jersey packing plant, how would you greet that news?

Or, if you are merely a consumer, how would such news strike you? Would you be likely to give three cheers for the legislators who purposed to tap your pocketbook by assessing the output of those producers who provide you with the necessities of life?

Yet just such arbitrary and foolish taxation is entirely within the province of your state and may not be long in coming. You may even hear that the number of branch factories within your



A Penny a package ..or less

Into the cost of your package must be figured the cost, depreciation and upkeep of your packaging machinery. Speed, labor saving, product shrinkage—all these things enter into your final packaging costs.

A penny a package or less—lost or saved—can make a big difference in profits when volume runs into millions of units yearly. You can count on it that America's largest producers watch their packaging costs closely, and you can be certain that the packaging method they use is the most efficient they could find.

From this logical line of reasoning emerges the strongest endorsement of Pneumatic packaging machines. Practically all of America's largest producers use this method. The majority of the manufacturers in every packaging industry weigh and carton, fill and cap their products with Pneumatic Machines. In view of these facts no thoughtful selection of packaging machinery for your needs would be complete without full consideration of the Pneumatic system—a system that is equally adaptable for productions of any volume, large or small. Write.

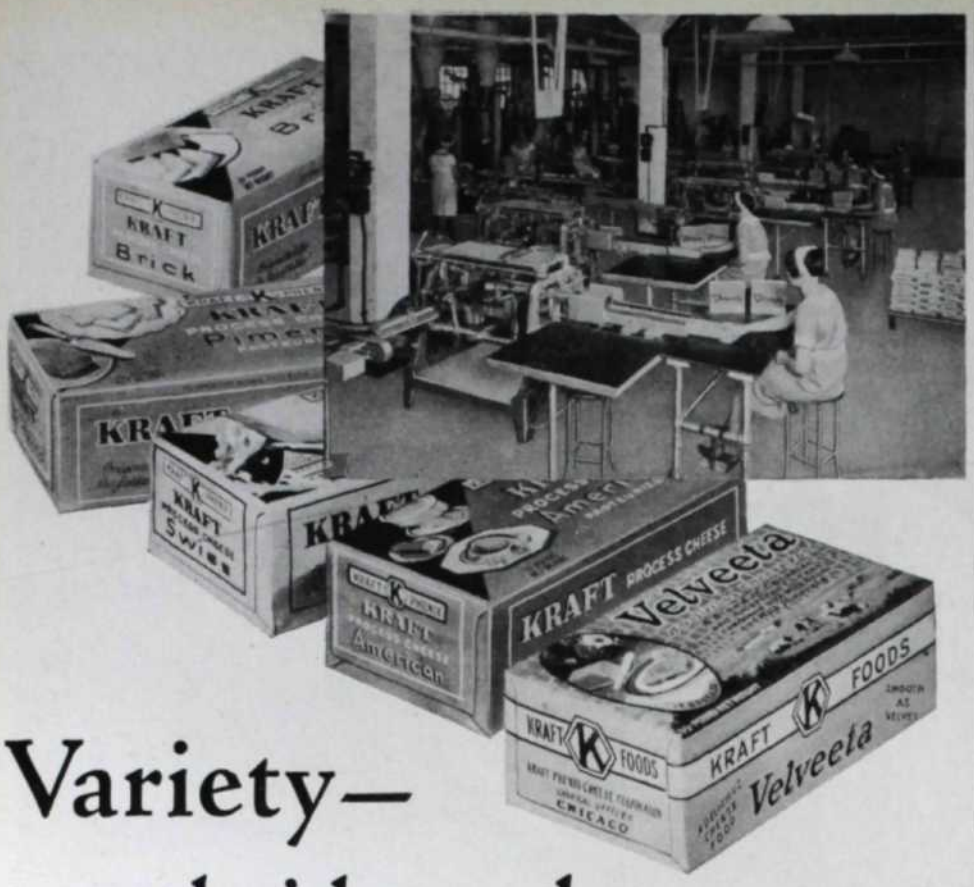
PNEUMATIC MACHINES

Carton Feeders—Bottom Sealers—Lining Machines—Weighing Machines (Net and Gross)—Top Sealers—Wrapping Machines (Tight and Wax)—Capping Machines—Labeling Machines—Vacuum Filling Machines (for liquids or semi-liquids)—Automatic Capping Machines—Automatic Cap Feeding Machines—Tea Ball Machines

PNEUMATIC SCALE
PACKAGING MACHINERY

PNEUMATIC SCALE CORP., LTD.; 67 NEWPORT AVE., NORFOLK DOWNS (QUINCY), MASS.

Branch Offices In New York, 26 Cortlandt St.; Chicago, 360 North Michigan Ave.; San Francisco, 320 Market St.; Melbourne, Victoria; Sydney, N. S. W. and Trafalgar House, No. 9 Whitehall, London, England



Variety—
a real aid to sales
made possible by modern packaging methods . . .

AN effective way to increase the general consumption of a product is to give the public *greater variety*. The makers of Kraft-Phenix Cheese, for example, have enabled housewives to get a large and interesting variety of cheese in convenient form. Consequently their families eat cheese more often—sales volume is increased.

In the Kraft-Phenix Cheese plant, production is so arranged that five varieties of packaged cheese are wrapped on the same machines. Thus the sales advantages of *variety* are secured with little or no sacrifice of the economies common to large volume production of a *single* item.

Every step in the process is automatic—no hands touch the product. Only one girl is required for each wrapping machine.

Larger Sales—Lower Costs

Can *your* package be improved? Is the method by which you package your product as economical as it can be made? We will be glad to help you find the answers to these important questions. Send us your package, describing briefly your packaging method. Write to our nearest office.

Package Machinery Co.
Springfield, Massachusetts
NEW YORK CHICAGO LOS ANGELES
LONDON: Baker Perkins, Ltd.



PACKAGE MACHINERY COMPANY
Over 150 Million Packages per day are wrapped on our Machines

When writing to PACKAGE MACHINERY CO. *please mention Nation's Business*

state makes a lot of difference to your legislators.

The economics of a direct tax on sales, whether of distributors or producers, is clear. It is a tax that can and will be passed on immediately to the great mass of consumers.

A graduated scale of license fees for chain stores is, of course, the equivalent of a direct sales tax and must be considered entirely as such.

When a state imposes a chain tax, it is simply raising the cost of living for its own people. Just as soon as a chain learns that a tax of so much per store or so much per dollar of sales is to be imposed in a certain state, it will regard that as a new item in its cost of doing business. If it costs more to do business in that state, merchandise is going to cost more in that state.

It is important to note, first, that practically all the chain stores of this country, particularly the many dealing in food and clothing, are supplying the great masses of the nation. Most of them are operating on such a small margin of profit that they must necessarily add the total cost of any tax to the price of the merchandise they offer.

Primarily, then, the public penalizes itself when it taxes a chain store. Every dollar it puts on, it must pay, and it must pay, not when its more fortunate members buy luxury goods, but when the rank and file buy necessities of life.

Sales tax hits everybody

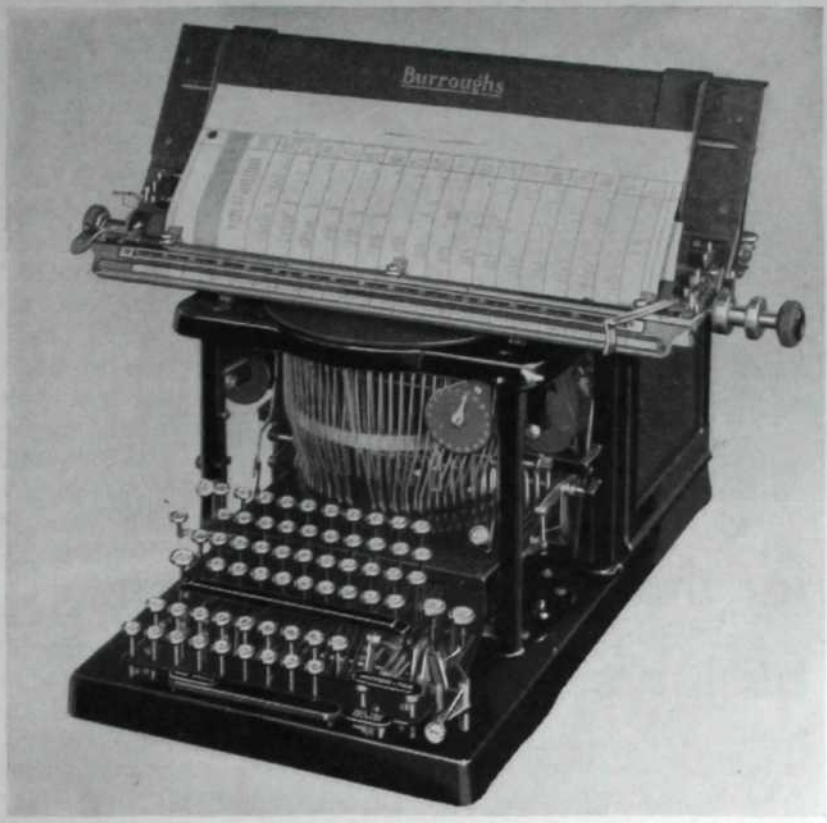
MUCH the same logic applies to a general tax on retail sales, a tax already proposed by members of Congress, already discussed in many legislatures, now an important part of the taxing program of one state and a minor part of the tax program in several others.

Such a tax, bearing down particularly on the mass of people as it will, would add materially to the already existing inequalities in taxation. Proposals sometimes advanced for surtaxes on luxury goods are designed to eliminate the obvious and glaring inequalities of a general sales tax. But, aside from the great administrative difficulties encountered in collecting and imposing such surtaxes, the inequality is by no means eliminated.

The country's average wage earner ordinarily spends a much larger percentage of his weekly or monthly income through regular retail channels than the man who is earning two or three or ten times as much. A general sales tax, no matter how levied or how much qualified, taxes primarily the market basket of the masses.

But if the cost of state government

A NEW BURROUGHS



TWENTY TOTALS IN ONE COLUMN OR SEPARATE COLUMNS

COMPLETES THE ANALYSIS WHILE POSTING OTHER RECORDS

PROVIDES VITAL ANALYSIS FIGURES WHILE THEY ARE NEWS...NOT HISTORY

Now you can have accurate analysis figures of sales, collections, expenses and profits quickly —when they are wanted—as this new Burroughs often saves hours—or even days—in getting such information into the hands of executives.

This machine greatly speeds up work. It posts two or more related records in one operation and, at the same time, completes the distribution to any number of classifications up to twenty.

It is particularly adapted to such jobs as accounts receivable, accounts payable, payroll, general ledger, stores records, consolidation of branch reports, and so on. It is economical because it has such a wide range of usefulness.

A demonstration can be arranged by telephoning the local Burroughs office, or, if you prefer, you may write direct for complete information contained in a special, illustrated folder.

BURROUGHS ADDING MACHINE COMPANY, 6152 SECOND BOULEVARD, DETROIT, MICHIGAN

Burroughs

When phoning your local Burroughs *office please mention Nation's Business*



A powder that has cured many a business headache

Many a business ailing from falling sales and profits, due to poor or obsolete product design has been cured with Bakelite Molded. When a business begins to show symptoms of illness, it is well to go directly to the seat of the trouble—the product itself. Does appearance, utility and price of the product meet consumer acceptance? Has it kept pace with changing demand, does it possess salable features?

When the diagnosis has been completed and the complaint traced to poor salability due to antiquated product design, prescribe Bakelite Molded in liberal quantities. The wisdom of this choice is based on its attractiveness, its adaptability to simplified modern design, its ability to effect real savings in production and assembly.

Bakelite Molded is not a substitute material, it is a new and modern method of design expression. It lends itself to the achievement of unusual modern design effects and harmonizes with bright plate or burnished metals. Bakelite Molded products may be made with a wide variety of finishes, glossy, dull, pebbled and cross-hatched. It is available in many forms possessing mechanical, chemical and dielectric properties to fit almost every requirement.

Write for Booklet 1M, "Bakelite Molded", it will help you in the diagnosis of your product and will give you full information about this remarkable business remedy. Call upon us for information or for assistance in adapting Bakelite Materials to your products.



BAKELITE CORPORATION, 247 Park Ave., New York...635 W. 22nd St., Chicago

BAKELITE CORPORATION OF CANADA, LIMITED, 163 Dufferin Street, Toronto, Ontario

BAKELITE

The registered trade marks shown above distinguish materials manufactured by Bakelite Corporation. Under the trademark "B" is the numerical sign for infinity, or unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products.

THE MATERIAL OF A THOUSAND USES

When writing to Bakelite Corporation *please mention Nation's Business*

continues to rise, legislators must find new sources of revenue somewhere. If tobacco and gasoline taxes fail to keep up with the rising tide of expenditures, let's tax the chains. If the chains are not enough, then all retail sales, whether or not the retailer is making a profit. If retail sales are not enough, then producers' sales.

If the cost of state government continues to rise, and if legislators and others find themselves successful in taxing the chains, it seems inevitable that the entire body of retail business will be directly taxed. The rising cost of government seems almost certain. Chain taxation is considerably less certain and may be avoided altogether if the case is clearly put before the public.

Just now we are vitally concerned with the question of federal taxes. There is indeed a serious falling off in revenue with many fixed expenditures which must be met. We have even heard a general sales tax proposed as the solution of the whole difficulty. We are informed that a half of one per cent general sales tax would bring $2,000,000,000 in revenue instead of the $250,000,000 it would actually yield!

There is one best answer to our question on how and whether a sales tax can be avoided. That is:

The costs of government should not continue to rise in the same ratio as in the past. They should at least keep pace with the growth of wealth and income.

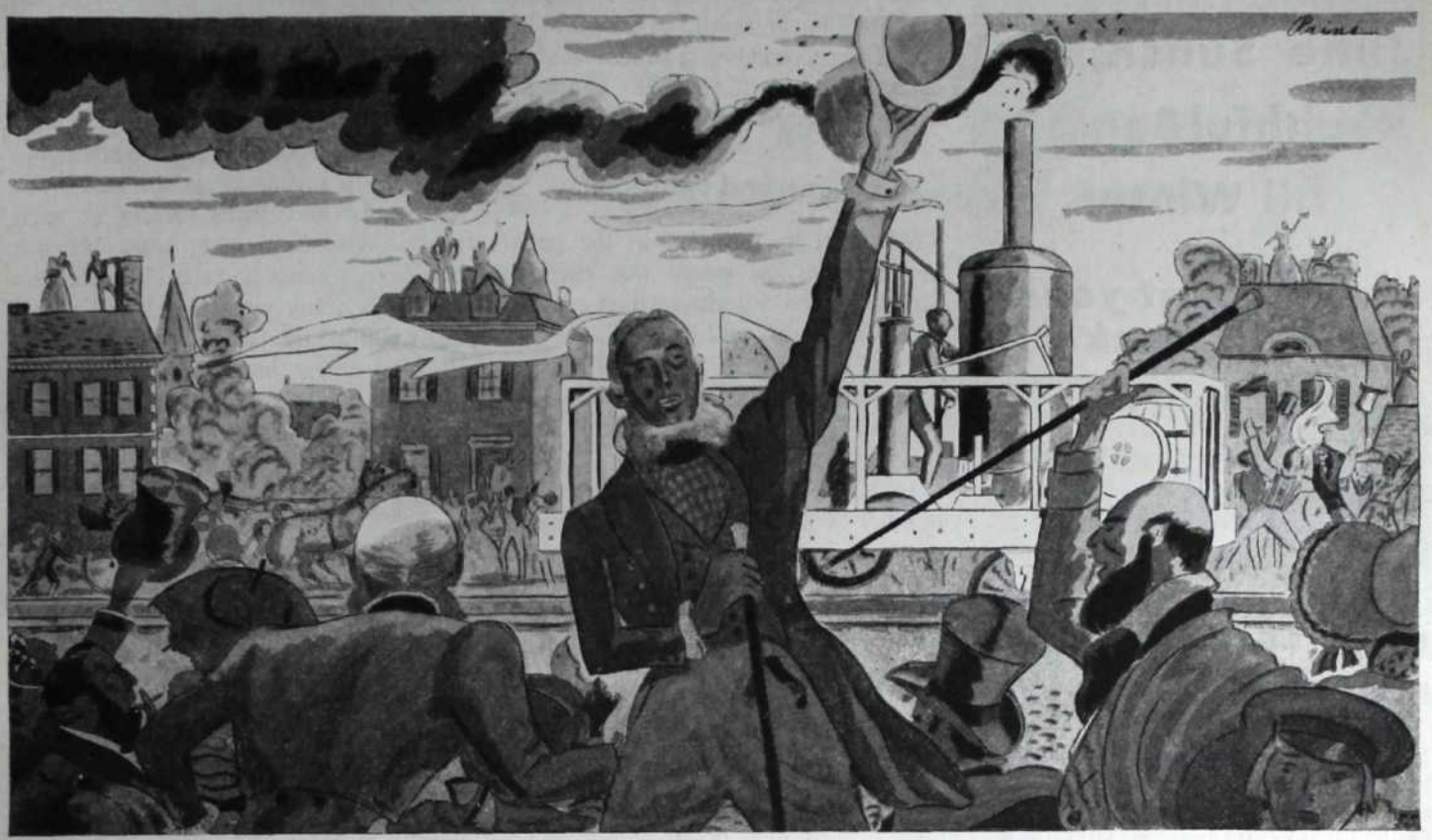
The high cost of government

SINCE 1915, while national wealth has been increasing 119 per cent, and national income increasing 150 per cent, taxes have increased 349 per cent. Approximately 30 cents out of every dollar of corporate net profit goes for taxes. In a lean year, it may be nearer 50 cents, and in a short time, it will be 50 cents even in a good year.

Chain taxes are merely a symptom of a trend. They seem to offer the tax-raisers new and easy methods of taxation. Chain-store tax laws have been defeated only when the facts have been presented to the legislators. The facts show that these taxes are unfair, for the benefit of a minority, and, unless confiscatory, are of no real tax raising value.

Every producer, every distributor, every consumer, who pauses to think will realize that a graduated tax, based on either number of plants or outlets, or on volume of sales, is an attack on the pocketbooks of the producer and distributor, and ultimately of the consumer and is the logical step to follow the chain tax.

THEY THREW UP THEIR HATS... AND DANCED IN THE STREETS



The Baltimore horse-drawn railroad could carry passengers but not freight. Passenger revenue alone couldn't support the road. It stopped operating. Then Peter Cooper's steam-engine Tom Thumb *was introduced. It worked. The staid directors who came to watch the trial threw their hats in the air and danced.*

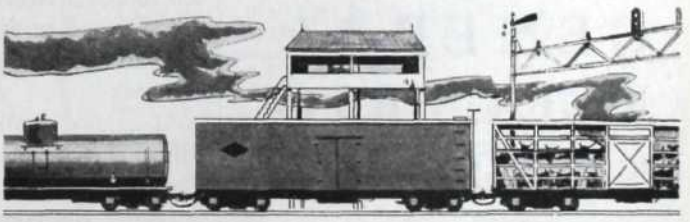
• • •

WELL MIGHT they throw up their hats and dance. For the *Tom Thumb* established the dependability of the steam engine and made possible the shipment of freight by rail. From these humble beginnings developed the modern locomotive and the modern freight car.

Today railroad dependability is not questioned. Our railroads are the most efficient mode of transportation man has ever known. One aspect of this efficiency is the leasing of special freight cars (such as refrigerator or tank). Thousands of these cars frequently are required for brief seasonal shipments. Obviously for some roads to maintain cars throughout the entire year for this peak demand would be most wasteful . . . would cost the shipper huge sums.

So most railroads regularly operate only the freight cars they normally need. In peak seasons they obtain additional carriers from the General American Tank Car Corporation. By so doing, many railroads save 365 day maintenance and investment in cars which are used only 30 or 60 days. General American keeps its fleet busy throughout the year, first on one road and then on another, and therefore can operate it most economically.

In this way does General American supplement the railroad, enabling it to give adequate service at minimum expense. Besides maintaining its vast fleet of 50,000 cars, General American builds *all types* of railroad freight cars...box, gondola, hopper, stock, refrigerator, tank. It also operates a large public terminal and an extensive European freight transportation system. *Address Continental Illinois Bank Building, Chicago, Ill.*



GENERAL AMERICAN TANK CAR CORPORATION

BUILDERS OF ALL TYPES OF RAILROAD FREIGHT CARS

When writing to GENERAL AMERICAN TANK CAR CORPORATION *please mention Nation's Business*



with the GENERAL ELECTRIC SUNLAMP

Don't go through another sun-starved winter, longing impatiently for summer and its health-giving sunshine. It isn't necessary . . . despite the fact that winter sunshine contains but little of the ultra-violet richness so important to health.

You can have virtually the same ultra-violet that June sunshine gives you, at your desk, with the General Electric Sunlamp . . . perfected by science . . . rich in beneficial ultra-violet . . . safe to use. It helps to maintain health . . . helps increase bodily resistance to common ailments.

New Low Prices

There are models for ceiling, wall and floor . . . for office, bathroom and sun room . . . at prices within the reach of all, and all models operate from most A. C. lighting outlets. See your G-E Sunlamp dealer, or let us tell you more about General Electric indoor "sunshine." For your health's sake send the coupon below.

When wiring or re-wiring your home, specify the G-E wiring system. It provides adequate outlets conveniently controlled and G-E materials throughout.

GENERAL ELECTRIC SUNLAMP

General Electric Co., Merchandise Dept.
Section L-942, Bridgeport, Conn.

Please send me free booklet telling all about the benefits of ultra-violet.

Name.....

Address.....

Tragic Eras of American Business

(*Continued from page 38*)

monly called the Revulsion. It was precipitated by the failure of the Ohio Life and Trust Company, a Cincinnati bank capitalized at $2,000,000. Cincinnati was thrown into panic.

Failures and tight money

THE news as recorded in the papers of the next few weeks was cheerless. Stocks started a decline which cut their values in half within a short time. Banks everywhere suspended specie payment; many failures followed. The Illinois Central and Michigan Central went into receiverships.

In New York, editors estimated the number of failures among merchants in the first month of the Revulsion at 400. At the end of two months, the figure is raised to nearly 1,000. Long lists of bankrupt firms appeared in the daily papers. Frontier banks, incorporated in states "where there were more wildcats than men" went down disastrously. Old commercial houses in London, Glasgow, Hamburg, and Liverpool were carried down in the general slide. On November 19, a packet from London brought news that

the English begin to feel the effects of our commercial revulsion. The Bank of England has raised the rate of interest to nine per cent, the highest legal rate ever known in Great Britain. Since Sir Robert Peel's Act was passed in 1844 the Bank has once and only once, in 1847, raised the rate of interest to eight per cent; this was considered the maximum value of money.

And the economic interdependence of the two countries was even as this was written being linked more closely together, for the first great Atlantic Cable was being laid. It was known to the reading public as "the submarine telegraph."

Our depression was made the vehicle of a melodrama by Dion Boucicault called "The Streets of New York," written in 1857. Now being revived in New York, some of its lines have been remarked for their modern note. For instance:

"I cannot employ you, sir. Indeed, I think of reducing salaries; everybody is doing so," and "A want of confidence pervades the community."

That the fame of Wall Street was known even to Ireland before the Civil War is evidenced by this bit of description:

"Wall Street is a perch on which a row of human vultures sit, whetting their beaks and ready to fight over the carcass of a dying enterprise."

The waves of immigration had begun in the 'forties, and many of Boucicault's Celtic countrymen were already in New York, where, according to contemporary accounts, they swept the streets for Tammany and threw bricks at each other. Week-long gang wars between the Bowery gangs and the Dead Rabbits in which many were killed and scores injured filled the papers in 1857. Saloon brawls, rapes, bawdy house disturbances, holdups, and murders were unbelievably frequent that winter.

In November, the *Herald* placed the number out of work in New York City at 30,000, and added that the prospects for the winter were very bad.

Specie troubles were a source of irritation in '57 as they had been in earlier crises. John Adams had estimated his countrymen well for his own time and for generations to come when he wrote to Jefferson in 1787:

"All the perplexities, confusions, and distresses in America arise, not from defects in the Constitution or Confederation, not from a want of honour or virtue, so much as from a downright ignorance of the nature of coin, credit, and circulation."

As a business man saw it

THE letters of John A. Roebling, founder of the industrial, engineering and bridge building firm bearing his name, throw light on the situation in 1857. These letters, written to his agents and foremen, are taken from the new book, "The Roeblings," by Hamilton Schyler. A few excerpts follow:

"All checks we get now must be drawn out in gold."

"I think you might commence discharging a part of your men now. . . ."

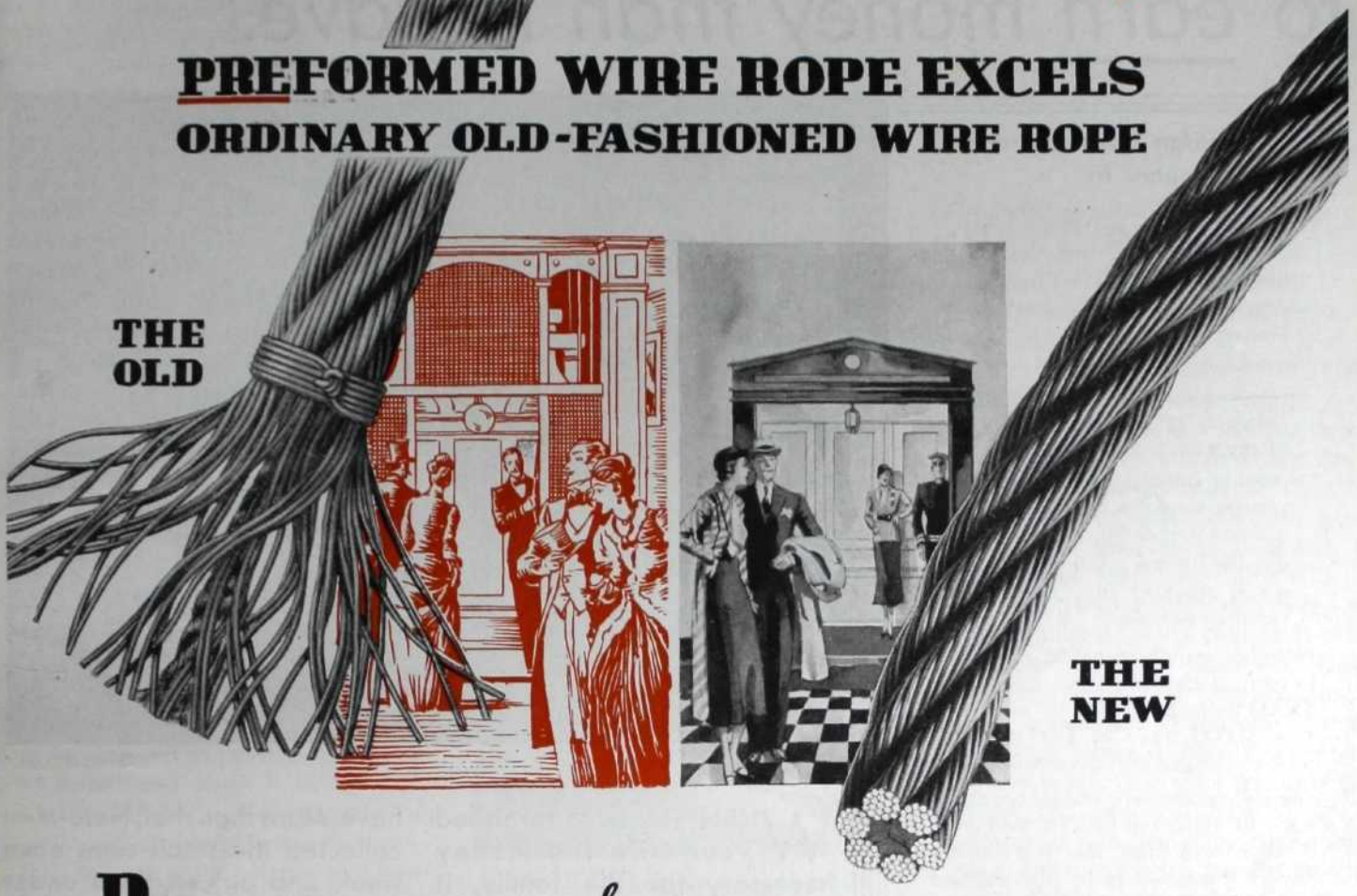
"We must economize as much as possible, but keep a small force at work if it can be done at all."

The Civil War wiped away much of the old economic order. It left the country exhausted and devastated, but it swept away with it vestiges of a worn out economy. Other depressions were to come, it is true, but, with the arrival of peace, manufacturing and expansion and even merchandising were to start again on an altered basis.

(A third article in this series will appear in an early issue.)

As the modern elevator excels the old Hydraulic

PREFORMED WIRE ROPE EXCELS ORDINARY OLD-FASHIONED WIRE ROPE



PREFORMING • a basic wire rope improvement in tune with American progressiveness

A century of industrial development has encouraged the use of better materials and designs in wire rope.

But the first basic structural improvement in wire rope is preforming . . . as basic and revolutionary as free-wheeling in automobiles. The swift increase in the demand for Tru-Lay Preformed Wire Rope is evidence of Tru-Lay's efficiency and economy.

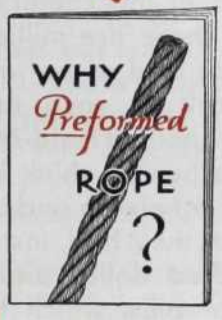
Building elevators are one of the many applications where Preformed excels ordinary wire rope. A recent survey of twenty-six Tru-Lay installations, some nearly six years old, disclosed the astounding fact that 19 sets of ropes were still in operation, with an average increased service of 119%—over double the life of ordinary elevator cable.

In the seven instances where new Tru-Lay Elevator Cable has been installed, the average increased service was 180%—*nearly three times the life of ordinary wire rope.*

Comparing Tru-Lay Preformed with old-fashioned ordinary wire rope is like comparing the efficiency of the modern high speed electric elevator with the old hydraulic.

Hundreds of similar service reports covering a wide variety of wire rope applications show increased efficiencies of 30% to 300%, depending on the nature of the service and type of equipment.

SEND FOR THIS COMPLETE STORY



Let us send you complete information. Take five minutes to read "Why Preformed Wire Rope"—there is a message here for every man who is responsible for operating costs. Write today on your business letterhead.

AMERICAN CABLE COMPANY, *Inc.*
New York Central Bldg., 230 Park Ave., New York City. An Associate Company of the American Chain Co., *Inc.*

The following Canadian Manufacturers have been licensed to manufacture Preformed Wire Rope under the American Cable Company's Patents: Dominion Wire Rope Co., Ltd.; Canada Wire & Cable Co., Ltd.; Anglo-Canadian Wire Rope Co., Ltd.; B. Greening Wire Co., Ltd.

TRU-LAY Preformed WIRE ROPE

30% to 300% Increased Service { *Depending upon the character of the service and type of equipment*

If you are like most American fathers you have found it easier to earn money than to save.

Metropolitan Life's contracts afford a means to

—create estates and incomes for families
—pay off mortgages
—educate children
—provide income in the event of retirement
—establish business credits
—stabilize business organizations by indemnifying them against the loss of key-men
—provide group protection for employees covering accident, sickness, old age and death
—provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from $1,000 up to $500,000 or more, and from $1,000 down to $100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.





© 1932 M. L. I. CO.

WHEN you have furnished your wife the money necessary for the family, it takes real planning to provide also for expenses bound to come in the future.

If you have a wife who shares your ambitions and responsibilities, let her join with you in building for the future. She may be more willing than you to begin in a small but effective way.

All over this country and Canada there are millions of husbands and wives who found it difficult to save money until Metropolitan Field-Men showed them how to think in terms of ten cent pieces and dollar bills, which they had, instead of one hundred dollar and thousand dollar bills, which they didn't have. More than that, Field-Men collected the small sums each week and placed them under the care of the largest financial institution in the world.

You know of households left penniless, broken up and scattered. But there are millions of families which are insured against such tragedy. Furthermore, they are building thrift funds to be paid to their boys and girls when they grow up.

You can plan for future protection and thrift funds for your children, wife and self whether you pay weekly or monthly, quarterly or yearly—and have your choice of Endowment, Whole Life, or policies paid up in a specified number of years, according to your family needs.

For policies in any amount, talk to a Metropolitan Field-Man or write

METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT · · · ONE MADISON AVE., NEW YORK, N. Y.

When writing to Metropolitan Life Insurance Company *please mention Nation's Business*

Hard Times Nurtured Marshall Field

By TOM F. BLACKBURN

BITTERLY hard times prevailed when young Marshall Field was getting his start. But young Field was resourceful and courageous. He turned the times to his own advantage



Marshall Field as a youth of 24

"WHAT did Marshall Field do in hard times?"

I asked this question of Edward Anderson, one of the last living intimates of the great Chicago merchant, as he appeared at the store on one of his semiweekly visits.

"Mr. Field was always ready to try something new. He was resourceful," was the reply. "If you told him better results could be obtained by hitching a delivery wagon in front of the horse, why Marshall Field would try out the idea. That man got his start in times that would be called very hard today."

Chicago first saw Marshall Field's ability to cope with the unusual when he was a clerk at Cooley, Wadsworth and Company. Sleeping over the store, saving half his salary, and tending a lot of kerosene lamps, he did not cut much of a swath when Nannie Scott of Ironton, Pa., visited in Chicago. Pretty girls were scarce and she had plenty of callers. She liked good looking Marshall Field, but try as he might, he could never find her alone. The day came that she was to leave.

Hurrying to the station, book in hand, he thought to have a word with her alone. Alas, a half dozen other young men were there with books and candy, and the shy Marshall Field was quite out of it. He stood back silent as the party boarded the train.

Soon the train started and Nannie Scott settled back in her seat alone. "Hello," came a voice, and she turned and saw Marshall Field, who had bought a ticket in order that he might have a private talk with her. She became the first Mrs. Marshall Field.

Liking the retail business best, Field got a job with Potter Palmer, Chicago's leading dry-goods merchant. Before the Civil War was over, Field learned that Palmer wanted to retire. With Leiter, another young man, and some cash—Field mentions $5,000—a deal was struck. These two extraordinary clerks bought out Palmer's business, worth several hundred thousand dollars, principally on notes.

Prices were falling

POSSIBLY shrewd Potter Palmer knew it was a good time to sell. The war was ended, which meant the finish of boom prices. The situation dawned on Field, who worried himself sick. Luckily, as in 1919, there came an unexpected era of prosperity, and the firm of Field, Leiter & Company leaped ahead.

But the best of those years sound like the worst of present-day times. Prices were falling, customers hard to find, credit and collections bad, and money was depreciated and uncertain.

Prices fell eight per cent in 1868, according to a Chicago history, and the burden fell on retailers who found themselves unable to turn their stocks fast enough to avoid losses.

Credits and collections then were far worse than today. Chicago, a mushroom town, was filled with a newly arrived population, many of its inhabitants shady characters who had fled from the East. Few families had been there long enough to have connections. Even when property was owned, no one knew what it was worth. The town was only 30 years old and had boomed at a ridiculous rate. The whole region was new, 400 towns being founded in one year. Whether any man or business was sound enough to be trusted was a question.

Field and Leiter, in the absence of all credit agencies, found their own yardstick for measuring trustworthiness. They could no longer use Potter Palmer's precept, "get cash if you can, if you can't take furs." The store hit upon the idea of considering character and habits first. If a man was leading a normal, wholesome life, and doing steady, useful work, he stood a good chance. Wasters and shady business associations got thumbs down. It was the beginning of the "moral" risk. Years afterward Field said his business owed so much to character that he felt it the duty of his store to recognize character-building institutions. To this day the show windows are curtained on Sunday.

Another difficulty was with money itself. Nearly all the banks were issuing their own paper currency. These greenbacks varied in value from day to day, depending on the solvency of the bank. Much of it was "wildcat." When the store did get the cash, it had to be tallied with a daily list at the bookkeeper's

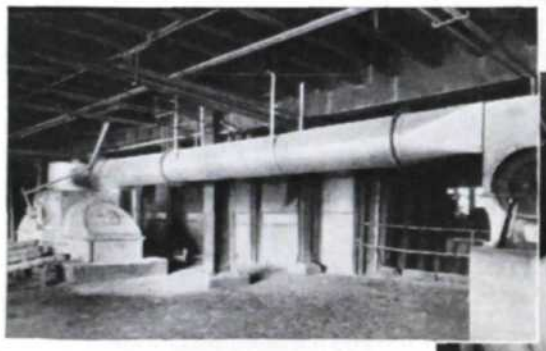
The $235 bill that

In the BOOK *of* LONG EXPERIENCE *is written*

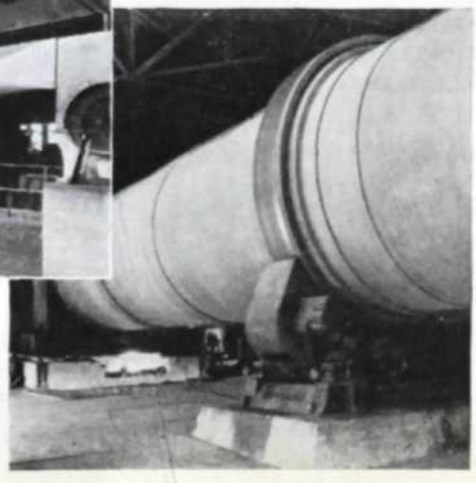
..."he who needs Insulation (whether for his factory or his home) and does not buy it, pays for it over and over again, *month after month,* until the final purchase is made."

"280,000 gallons of oil— $11,579 yearly saving"

The open hearth furnace pictured below—operated by the OHIO STEEL FOUNDRY Co., *Lima, Ohio*—is insulated with J-M Materials. Temperature in the regenerator varies from a minimum of 1600°F. to a maximum of 2400°F. As a result of J-M Insulation, oil savings amount to 280,000 gallons per year. Net annual savings total $11,579.85—an annual return of 418% on the investment.



Reversing valve and regenerator chamber of the open hearth furnace, Ohio Steel Foundry Co., Lima, Ohio.



Rotary cement kiln at the Clinchfield, Georgia Plant, Pennsylvania-Dixie Cement Corp. J-M Insulation saved $4,770.00 on two kilns.

"2 kilns save $4,770 yearly"

Because of high temperatures used in rotary cement kilns, heat losses due to radiation are exceedingly large unless proper insulation is used. *At Clinchfield, Georgia,* the PENNSYLVANIA-DIXIE CEMENT CORP., resorted to J-M Insulating Blocks to solve this problem.

J-M "Superex" was applied to one kiln in Aug. 1929, to a second kiln soon after. Daily records show a net annual savings of $4,770—a 120% return on the investment.

When writing to JOHNS-MANVILLE



was paid 96 times for *"goods" never received*

J-M INSULATION stopped this costly waste... and paid for itself in 8 months

IT seemed impossible. But it was a fact. Harrison—who always "watched" costs, now had to admit that for a period of 8 years, he had actually paid and repaid the same $235 bill *ninety-six times*—month after month, AND HAD RECEIVED ABSOLUTELY NOTHING IN RETURN!!

Yet what Harrison did is not so strange. Today, scores of other factory superintendents, plant managers, purchasing agents—*at a time when the need for economy is drastic*—are guilty of the same extravagance.

And they don't know it. Harrison didn't know it. For this isn't the ordinary type of bill. It doesn't come through the mail. It isn't delivered. Nobody ever sees it. It is from no particular person—to no particular person. It allows no discount. Its terms are strictly cash. No matter how many times it is marked "PAID," it always comes back. And it gets paid again on the first day of the following month with the regularity of clockwork.

The bill that Harrison paid was for *heat losses*—heat that constantly escaped through bare or poorly insulated pipes all over the plant. Not until these pipes were properly insulated did this bill—*for waste*—stop coming in. And the insulation, that Johns-Manville Engineers recommended, entirely paid for itself in 8 months.

• • •

Just 1 ft. of a 6-inch bare pipe alone loses 2 lbs. of steam per hour—or 14,400 lbs. of steam per year. Imagine the heat losses in an entire plant—*any plant—perhaps your plant*—over the period of a year. Figure the dollar losses. Then you have arrived at the real value of proper insulation.

For more than 70 years, Johns-Manville has built up a background of engineering experience unequaled in the field of thermal insulation.

Today, there is a J-M insulation to take care of every temperature condition from 400° below zero to 3,000° above. Back of the product is a nation-wide service organization. Ask for a plant inspection. A J-M Engineer will study *your* insulation problem, report what can be saved, and how. Address Johns-Manville, 292 Madison Avenue, New York City.



"Winter fuel costs *reduced* 50% Summer Heat cut 12°F."

You can duplicate in *your* home the experience of DR. E. W. DODEZ, *Ft. Wayne, Ind.* You, too, can be cool in the summer—warm in the winter—at low cost.

Dr. Dodez insulated his home with J-M Home Insulation, a rock-wool material which is blown into the empty spaces between the inner and outer walls of the house. Records of oil consumption for a complete heating season show 50% saving since the insulation was installed—a 12°F. reduction in temperature on hot summer days. Write for the booklet on J-M Home Insulation. Find out how to combine comfort and economy.

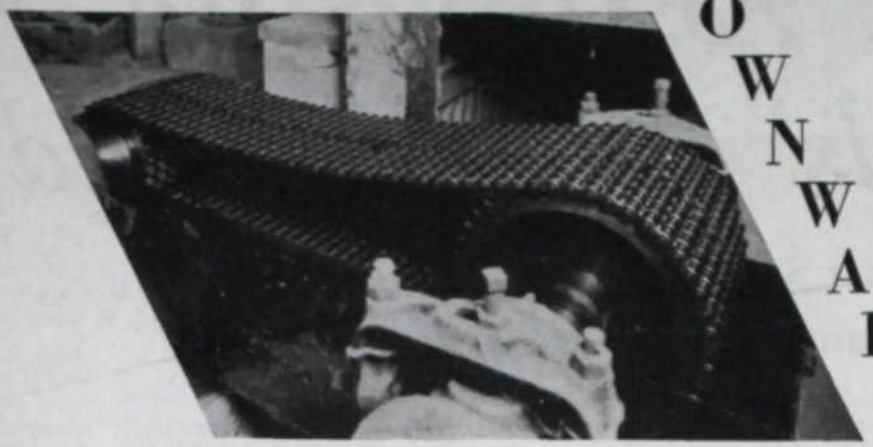
Johns-Manville

JOHNS-MANVILLE JM PRODUCTS

Controls HEAT, COLD, SOUND
Protects against FIRE AND WEATHER

CORPORATION *please mention Nation's Business*

Don't Let Rate of Production Per Machine Slip DOWNWARD



IF every machine were driven at its determined maximum . . . and *Kept* there . . . you would get maximum production regularly. But, the chances are your machine output is lower than you originally set it . . . or than it should be for minimum costs.

Production rate per machine cannot slip downward with *positive speed-ratio* Diamond Chain Drives. Neither time nor changing weather conditions lowers their production speed and efficiency.

Diamond Roller Chain Drives will help you compete in today's markets with profit. They last longer, require less maintenance—maintain the exact speed you set for your driven shaft and deliver 98-99% of the applied power throughout their entire life.

Booklet 102-B *"Reducing the Cost of Power Transmission"* illustrates and describes single and multiple Diamond Chains for all needs. Write for it now. No obligation.

DIAMOND CHAIN & MFG. CO.
417 Kentucky Ave. Indianapolis, Ind.
Offices & Distributors in Principal Cities



DIAMOND ◇ DRIVES
for Every Industrial Need
Quiet—Clean—More Compact per H. P. transmitted

Reprints of NATION'S BUSINESS articles will be furnished at cost in quantities of 100 or more.

Executive Business Training *for Your Son*

Babson Institute offers a nine months' residential course in executive business training that will save years of "hard knocks" preparation for your son. Covers Finance, Management, Production and Distribution. Students keep regular office hours and have frequent contact with actual business organizations.

Write for Booklet

Our booklet, "Training for Leadership," gives full details concerning this thorough business course. Sent on request, without charge.

New Term Opens March 26th

BABSON INSTITUTE
Div. 306 Babson Park, Mass.

ACCOUNTING
the profession that pays



this book free

Accountants command big income. Thousands needed. About 9,000 Certified Public Accountants in U. S. Many earn $5,000 to $20,000. We train you thoroughly at home in your spare time for C. P. A. examinations or executive accounting positions. Previous bookkeeping knowledge unnecessary—we prepare you from ground up. Our training is supervised by Wm. B. Castenholz, A. M., C. P. A., assisted by staff of C. P. A.'s. Low cost—easy terms. Write now for valuable 64-page book free.

LA SALLE EXTENSION UNIVERSITY
Dept. 2374-H Chicago, Ill.

wicket to see what it was worth. Unbelievable as it may seem, Marshall Field had difficulty in finding customers at this period. The trouble lay in the simple tastes of the new settlers. Native Americans had few wants to satisfy. Now Field, Leiter & Company was noted for the quality of its merchandise. It attracted and satisfied the more solid, moneyed Chicagoans, but new trade had to be stimulated.

Field knew that the European immigrants pouring into Illinois were used to a much higher standard of living than the original inhabitants. They might be attracted to the store. So through his brother Joseph N., then in England, he obtained steamship passenger lists. New arrivals marveled at how their arrival and wishes were anticipated.

Helping larger sales

MARSHALL Field liked to carry some highly expensive "show" items that made people talk. He treated Chicago, with its stockyards reputation, to the sight of $50 handbags.

"No, they may not sell," he admitted. "But a man or woman coming in to spend $1 for a bag will not feel that $5 is excessive when he sees there are bags worth up to $50."

The year 1871 saw a retail business with a remarkably clean credit list, good collections, and a patronage that was more or less free from irresponsible and shiftless characters. Then came the fire, completely gutting the six-year-old firm. Field opened up in a car barn as soon as the ashes were cold.

Five years of more or less depression next plagued the business. Here again Field's habit of dealing only with steady, reliable individuals and firms paid. They were the soundest during the hard times.

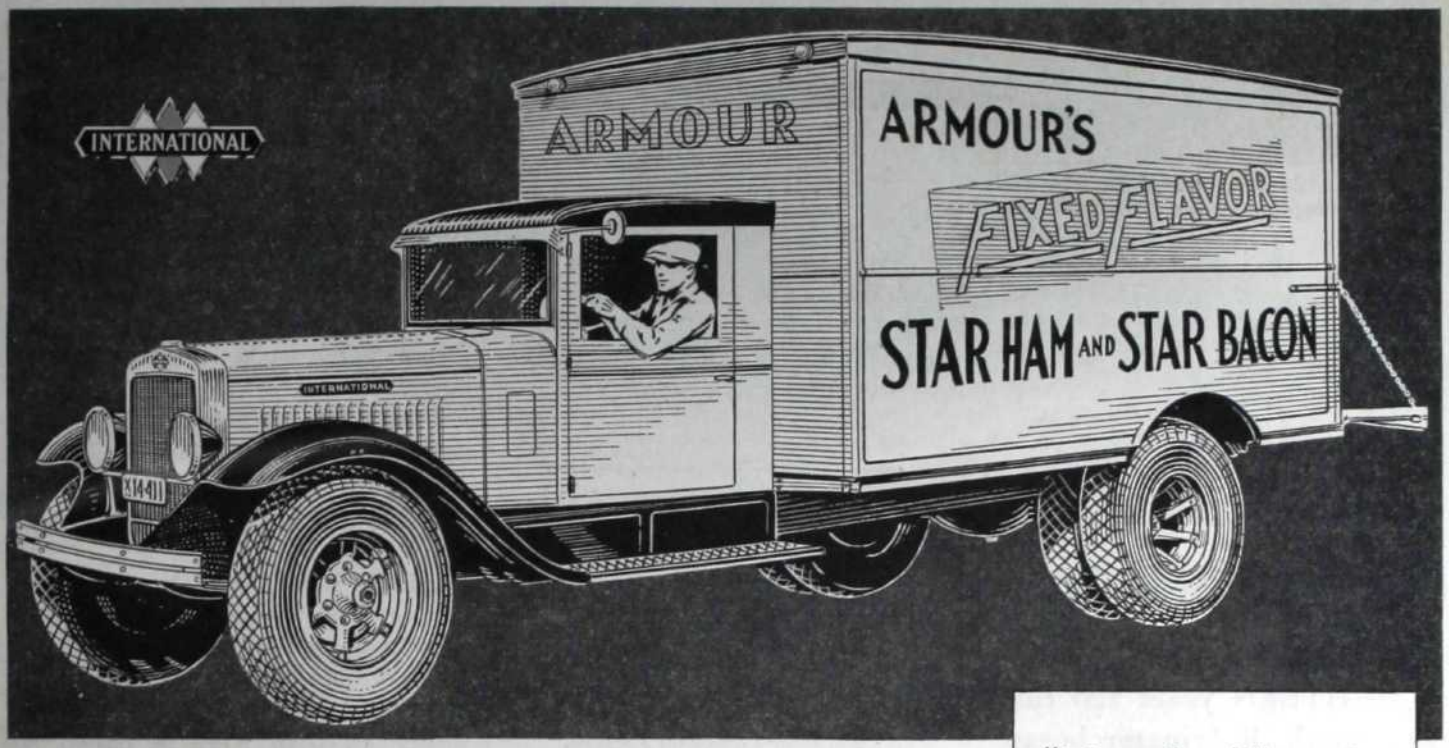
The bargain basement idea was originated in the late 'eighties. In 1890 show windows came in. There previously had been one tiny window on State Street.

The "satisfaction or money back" idea was Field's, a remembrance of Pittsfield days at Deacon Davis' store, when as a clerk he discovered that understatement or a candid pointing out of defects won confidence with the customer.

"That man is either a damned fool or a genius," A. T. Stewart, his eastern rival, was declared to have said about this plan.

In early days, Marshall Field personally wrote some of the advertising copy for the newspapers. Later he con-

ARMOUR Gives High Praise to INTERNATIONAL TRUCKS



ARMOUR & COMPANY provides another chapter in the endless story of International Truck success. For more than fifteen years Armour's have come to International Harvester for trucks. And during 1931—a year of severe stress and cost-cutting economy—Armour's invested in a larger fleet of new Internationals than in any previous year.

As with hundreds of other large-fleet operators and thousands of single International owners, Armour's are pleased with the attractive lines of the modern International models, and they know from long experience that quality and dependability are to be found under the surface.

As for the Service that keeps Internationals on the job, this great packing firm gives credit without reserve. "Truck transportation and hauling efficiency are vital factors with us," says an Armour executive. "We use trucks at hundreds of points the nation over, yet we operate only limited facilities for the purpose of repair and upkeep. We prefer to depend on the truck manufacturer for the service, and we say without hesitation that the International Harvester readiness to serve is unequalled. International Truck service goes a long way in helping us to render our own vital service."

When you next make a truck investment put your trust in Internationals, and in the celebrated service that stays with these trucks. You will find cordial and lasting cooperation at an International branch—and any International dealer will meet you in the same spirit.

INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. OF AMERICA (INCORPORATED) Chicago, Illinois

"International Harvester Truck Service is First in The United States"

—From a statement by an Armour executive



The International branch at Detroit, where Armour & Company also has one of its many branches. International Harvester maintains the largest Company-owned truck service organization in the world, with branches at 163 points in the United States and 20 in Canada.

Ask for demonstration of the 1½-ton, 4-speed Model A-2

Now reduced to

$615

for the 136-inch Wheelbase Chassis f.o.b. factory. Other sizes range from ¾-ton to 5-ton.

INTERNATIONAL TRUCKS

When visiting an INTERNATIONAL TRUCK *dealer please mention Nation's Business*

LARGEST IN THE WORLD!



The Kelvinator Cabinet Factory and porcelain plant located at Grand Rapids

The Kelvinator Factory and Administration Building at Detroit



The Kelvinator Canadian Factory, located at London, Ontario

EIGHTEEN years ago this March, Kelvinator began the manufacture of the first successful domestic electric refrigerator. To-day, Kelvinator is the largest exclusive manufacturer of refrigeration equipment in the world.

For years Kelvinator has been recognized as Electric Refrigeration Headquarters because Kelvinator Engineers have pioneered in every field where electric refrigeration is used.

The Kelvinator Line includes equipment for every electric refrigeration need. Water cooling equipment for office buildings and factories; milk cooling equipment; ice cream cabinets; truck refrigeration; equipment for grocers, butchers, florists, bakers, druggists, restaurants and hospitals; specially designed cabinets for apartment houses, and equipment for many other businesses that require electric refrigeration.

Without obligation to you, the Kelvinator Refrigeration Engineer in your city will show you how to reduce your refrigeration costs and increase profits with Kelvinator electric equipment. Look for his name in your Telephone Directory under "Refrigeration — Electric".

KELVINATOR CORP.
14244 Plymouth Rd., Detroit, Mich.
Kelvinator of Canada, Ltd., London, Ontario
Kelvinator Limited, London, England

(436)

Kelvinator

When writing to KELVINATOR CORPORATION *please mention Nation's Business*

tented himself with blue penciling it, killing overenthusiastic statements. Comparative prices were eliminated after 1902. Field was fond of institutional advertising.

"If a store can rise a little above its competitors in public esteem," he said, "there will be a drift of business toward it that far outweighs the cost of such publicity."

Not many Chicago people knew the tall, handsome man with the silver hair and mustache. It is said that Marshall Field could walk across the business district and not be recognized by half a dozen individuals. Every morning he trudged 18 blocks from his Prairie Avenue mansion, stopping at the Pullman Building, the store, where he looked over the preceding day's sales and thence to the bank. He favored short hours, 9 to 5.

Twenty-five years ago Marshall Field died, still a stranger to most of Chicago.

He did not like publicity

IN THE SCRAMBLE to prepare an obituary, newspapers of 1906 found their morgues empty. Field dreaded publicity, and by force of his store advertising, had been able to make his wishes respected. When he passed, so completely had he kept behind the scenes that nobody seemed to know him intimately. One old friend told a reporter, anonymously, "Field felt that the saving of $5,000 was the turning point of his life. He didn't believe in a college education for young men, saying that when a career is interrupted by four jolly years in school, the young man is unfitted to settle down."

Two moldering, ragged newspaper pages in the Chicago Public Library files contain all that is personal about Marshall Field. Upstairs there is only one book listed that refers to him—and that is a synthetic success chapter. Ten magazine references, mostly pictures, complete the list.

So passes the merchant prince from Chicago. A shadowy legend, but a glorious fighter in times of depression.

"My best memory of him dates from 1893," said one employee. "I was an office boy, detailed to guard the door of the conference room. There had been much argument. Suddenly Marshall Field stepped out for a moment. Seeing me, he smiled, shut one eye and held a quarter over the other one.

" 'Some men can't ever see anything on account of that,' he remarked and passed on. I think that is typical. He could see further than that."



A thoughtful REPORT—
An accurate APPRAISAL
to help solve your problem

In the solution of your business problems involving finance—reorganization—merger—expansion—a report or an appraisal will play an important part.

Recently one of our reports was helpful in effecting the merger of several tool companies. Another dealt with the expansion of the business of an important paper manufacturer. A third was the basis for the reorganization of a large oil business. Still others have been prepared for banking houses in connection with the origination of securities. Currently we are engaged in such work for widely differing interests.

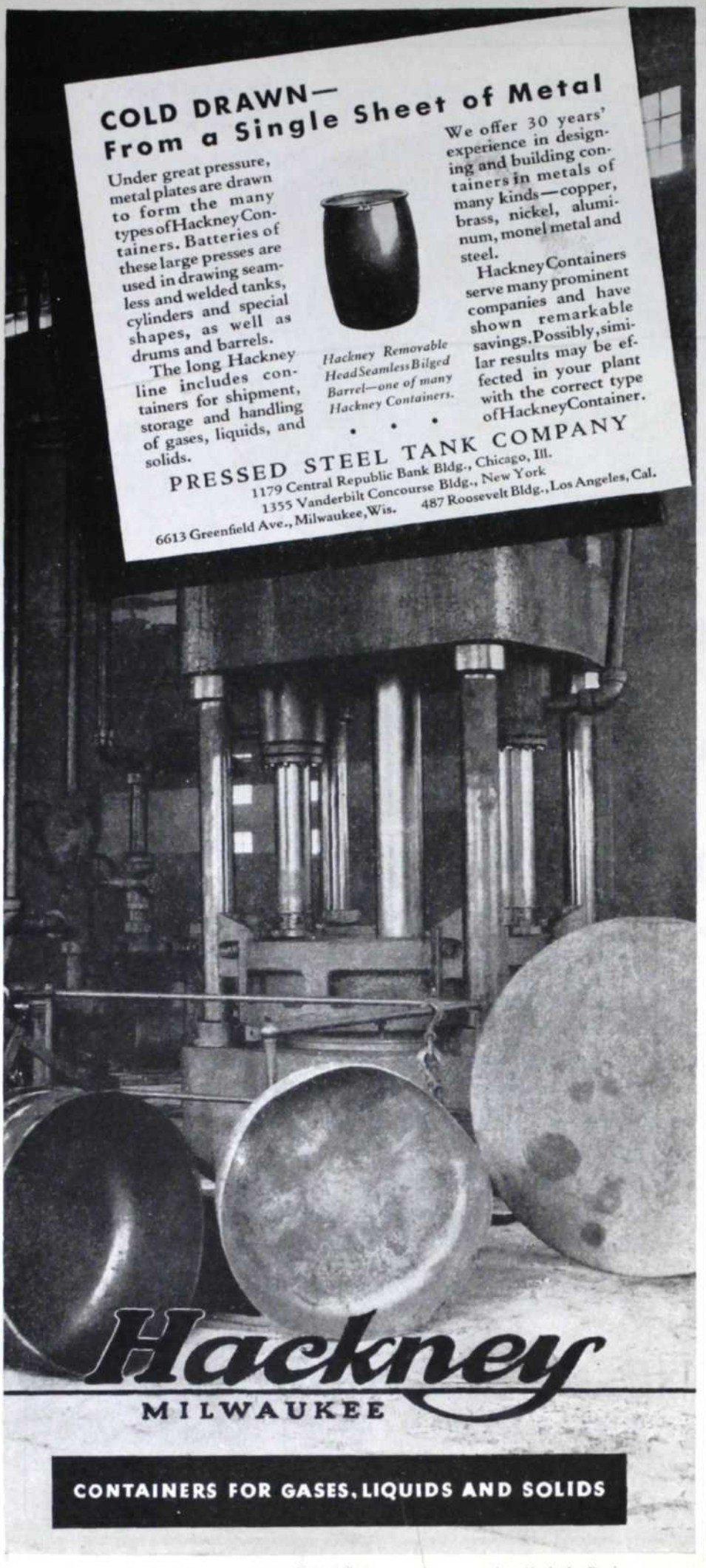
In industrial, banking, and utility fields, reports and appraisals of Stone & Webster Engineering Corporation are recognized for their accuracy and for their clear, forward-looking thought.

For further information address our New York Office, 90 Broad Street.

STONE & WEBSTER
ENGINEERING CORPORATION

A SUBSIDIARY OF STONE & WEBSTER, INCORPORATED

When writing to STONE & WEBSTER ENGINEERING CORPORATION *please mention Nation's Business*



Putting Science Into Advertising

(Continued from page 42)

is that they can be carried out quickly and at little expense.

The result is always more conclusive if two or more forms of test can be made of the same advertisements. Then, if the results check with each other, the conclusions can be pretty definitely accepted.

In a recent case, it was necessary to decide between two radically different types of copy, one carrying large display headings and illustrations, and the other a "reader" type, with little display and long text.

Advertising can be checked

ADVERTISEMENTS of these two types were tested in three ways: first, by an actual sales test in selected cities; second, by a consumer opinion test, based on 100 calls on housewives; and third, on a consumer opinion test in which copies of the advertisements were mailed to a select list of 400 people who had cooperated in similar undertakings in the past. The results by all three methods were substantially the same!

There finally remains the question of testing individual advertisements based on the fundamental appeal that has been chosen.

The two principal methods that may be employed are the actual sales test and the consumer opinion test. The sales test is harder to carry out for comparing individual ads than it is for comparing fundamental appeals. But the consumer-opinion test can be used effectively for this purpose.

An effective selling job

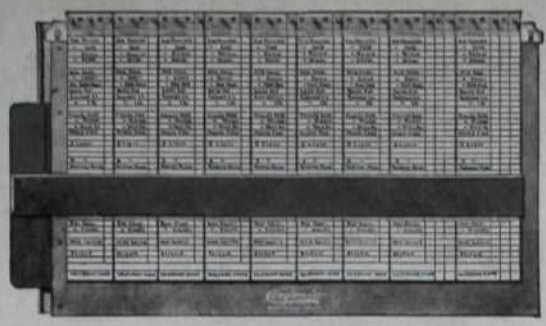
NO method of testing advertisements can be 100 per cent conclusive. A better ad—or ten better ads—than any of those tested might be written. But it is safe to say that it is now possible to predetermine which advertisements will do an effective selling job.

Combine this kind of testing with proper market analysis, media selection, and allocation of advertising in accordance with sales possibilities in different parts of the country, and it is obvious that the guess work is being largely taken out of advertising, and that a really scientific approach to advertising problems is being developed.

(This is the second of two articles by Mr. Weld.)

When writing to Pressed Steel Tank Company *please mention Nation's Business*

THIS PEG-BOARD



WILL GIVE YOU

»»quicker figures cheaper figures«« »»more complete figures

EXECUTIVES in many fields of business are turning to our *Distribution Peg-Board Method,* used with the Comptometer, for better results on sales analyses, cost figures, timekeeping routines and other types of accounting work. The reasons are:

Quicker figures! The Distribution Board produces information when it is wanted . . . in time for quick action. A nationally known instrument company in New York formerly waited until the 15th or 20th of each month for cost and sales figures of the previous month. Now they get necessary statistics daily. A Southern California baking company reports that the Distribution Board gives them figures on production and distribution, costs and inventories, and other information in 50% less time than their former method.

Cheaper figures! The Distribution Board Comptometer Method has successfully replaced more expensive systems in companies throughout the country. A large Middle-Western glass company saved about ⅓ on the cost of payroll distribution by using our system . . . and accomplished more work. An office outfitter in the South made a saving of $5000 annually with the new method.

More complete figures! With less expenditure in time and money, more information may be gathered. Using the Comptometer Peg-Board combination, a branch factory of a stationery company now furnishes its headquarters with weekly statistics . . . impossible under former methods, except at great inconvenience and expense.

Let our representative explain the Comptometer Peg-Board Distribution Method in detail. Let him tell you how it achieves speed and economy by getting *final* results from *original* figures without recopying. If he thinks he can show you a worth-while saving, give him a chance to prove it by actual test. Telephone your local Comptometer office, or write direct to us. Felt & Tarrant Mfg. Co., 1712 North Paulina Street, Chicago, Illinois.



THE COMPTOMETER
Made only by Felt & Tarrant

COMPTOMETER (TRADE MARK) AUTOMATIC ACCURACY

© 1932, Felt & Tarrant Mfg. Co.

Yours Received and Contents Noted

Some Readers' Views on Current Topics

Spank business!

TO THE EDITOR:

Business should be taken out to the woodshed and given a sound, old-fashioned thrashing. Business policies have been unsound—business firms have broken faith with the public—business can be the public's playmate in fair weather but it must likewise be its wet nurse in foul weather.

If you would maintain your sales volume —maintain your salaries.

This question of salary cuts, layoffs and firing has a depressing effect on those who continue at their work. Their own fears are increased by each additional decrease in salary or loss of jobs.

As I understand it, this remark "I am afraid to go in debt, I may be the next one to lose my job or have my salary reduced," is the sole reason why my friend makes last year's winter clothes do for this winter, the sole reason why sales and advertising copy has less appeal—and it is not fallacious thinking by the public. It is the outcome of fallacious thinking by business leaders who should know better.

ALBERT HOPFENSITZ
2109 Magazine St.
New Orleans, La.

♦

Helping stabilize cotton

TO THE EDITOR:

This organization is made up of a group of enthusiastic young farmers, the majority of them being graduates of agricultural schools.

We are now packing all of our production of potatoes in new cotton sacks. You probably know that, heretofore, practically all the produce, in western New York, at least, which requires a bag as a container, has been put up in burlap sacks. This includes dry beans, cabbage, and potatoes.

The raw material for the burlap sacks is imported from India, and at present, there is little differential in price, if any, on the two materials. We believe it is good business to use the cotton container, and thus help, at least a little, to stabilize the cotton market.

E. L. CURTIS
Genesee Growers
Batavia, N. Y.

♦

Pleasure, interest, and some disgust

TO THE EDITOR:

In your November issue you say, "New Jersey likewise has provided modern administrative methods to stimulate the general adoption of city and county budgets."

As a property owner and resident of New Jersey I protest against your spreading the impression that the state is an advanced example of proper public finance. The only machinery provided by Jersey consists of a Commissioner of Accounts who will, under certain conditions, make an audit of local affairs. The audit is paid for by the taxpayer and the only result is to increase his bill. The Commissioner has no authority to remove extravagant officials from office. Like all political machinery this creaks and groans, labors mightily and brings forth nothing.

A budget is merely a piece of paper. Judges and officials disagree on a definition of "debt limit"; legislatures except item after item from budget control.

There is only one cure, let them spend taxes AFTER they have been collected. Let the collective taxpayers live like the individual, on a cash basis.

I read your magazine with pleasure, interest and some disgust. Stop being a Pollyanna. You can't fix the decrepit machinery of government by pouring "budgetry oil" on wornout parts.

J. CARLETON ESTY
68 Clinton Avenue
Clifton, N. J.

♦

Sees socialistic trend

TO THE EDITOR:

NATION'S BUSINESS always contains something of much interest. There is an article in the October number, "Let's Talk Frankly about Wages," which is exceedingly good, but the article is purely from the capitalist side. Labor looks at the problem somewhat differently.

One of the labor leaders expressed his views to me about as follows:

"Labor claims that capital has had exceedingly large dividends in the past, and in some instances the earnings are too high even now. It appears that they are going to make a concentrated drive to have capital paid a fair return, and labor to have a fair wage. In other words, where capital receives a fair return and labor receives a fair compensation, the earnings over and above an amount to pay these two, plus all other expenses, should be divided equally between labor and capital."

Suggestions have been constantly brought to my attention. The tendency today is socialistic, especially with laboring men. From my experience, it is getting more so all the time. Probably in the near future heavy demands may be made by labor for some drastic legislation. Such legislation would have a great tendency to curb and crimp business and kill initiative.

H. C. ABELL
New Orleans Public Service, Inc.
New Orleans, La.

♦

A slogan

TO THE EDITOR:

I heartily agree with the gentleman who wrote the letter to the editor which appeared in the December issue deploring the "newspaper panic." From the widespread publicity given the apple stands down to the daily recital of grocery and coal bin robberies we have read dismal news.

The press can now help out by getting optimistic. Truthfully, but ingeniously, the news may be presented with a sugar coating. I suggest for a slogan, "We've taken our medicine, now let's get well."

A. FRANK RANAHAN
Ranahan Cut Stone Company,
Terre Haute, Ind.

♦

You cannot tax capital

TO THE EDITOR:

In this business of making a living there is no unknown factor nor any unknown quantity involved. Since that is so, why all the guessing? If we suffer from slackness of production and exchange should we seriously consider, say Governor Pinchot's remedy of imposing additional taxes to check further production and exchange?

Alexander Hamilton said there were only two sources from which revenue could be derived—land and commerce, or, as modern economists would state it, rent from land and wages from industry. As no one has ever discovered a third source, is it not about time we quit hunting for "new sources of taxation?"

Cannot our "planners" see that capital cannot be taxed? That it can only be confiscated? When we think we tax capital we only tax the products of capital and the tax is recovered in the selling price. When the tax gets so heavy it cannot be recovered from the consumer, production stops or the bootlegger steps in.

A tax on wealth is merely a penalty for having it in one's possession. Apparently our "statesmen" never think that slums bear any relation to the fact that houses are confiscated by taxation every 35 years or so.

H. W. NOREN
Noren's General Store
Pittsburgh, Pa.

♦

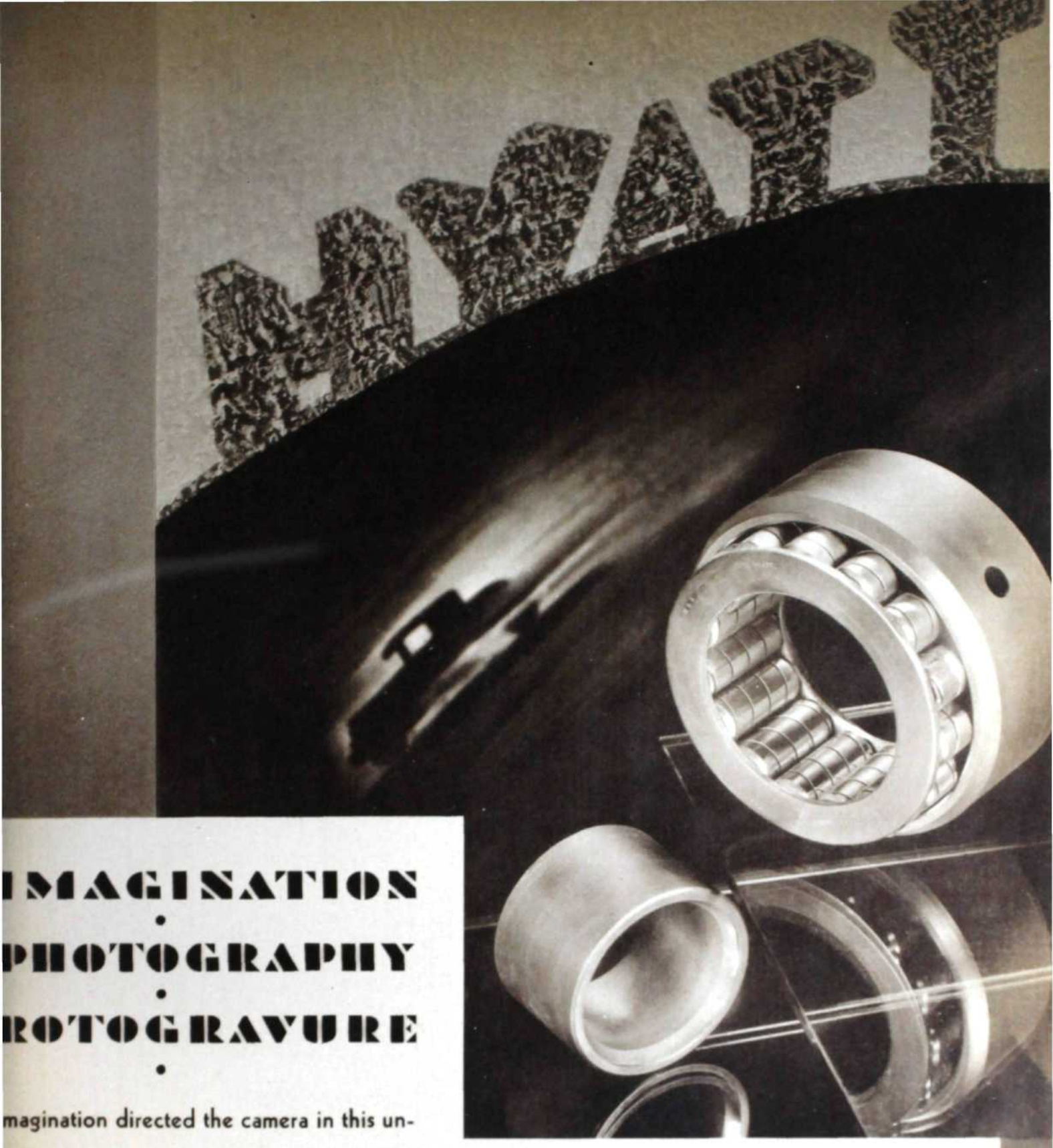
Let us regulate

TO THE EDITOR:

The Directors of the Chamber found it desirable to print "Arguments in the Negative" parallel with the Committee report on Continuity of Business and Employment. The author of Arguments in the Negative warns us against artificial interventions in economic situations, which, according to his theory, had best been left to nature for adjustment.

Would it not seem logical to let nature regulate and control what she created and we undertake the regulation of institutions created by human intelligence?

To be sure, nature regulates everything



IMAGINATION
PHOTOGRAPHY
ROTOGRAVURE

magination directed the camera in this un-
etouched photograph of triple exposure.
And how responsive both lens and plate
proved to be! Finest precision in the bear-
ngs, breath taking speed in the car, and
lusive tones in the shadowed display of
he name. Imagination can produce photo-
raphs which, reproduced in rotogravure,
will attract the attention essential to sales.
For your next advertising employ a camera
artist and reproduce his work in rotogravure.

Kimberly-Clark Corporation

ESTABLISHED 1872 Neenah, Wis.

NEW YORK, 122 W. 42nd St.

CHICAGO, 8 S. Michigan Ave. LOS ANGELES, 510 W. Sixth St.

RECORD THE STORY OF YOUR PRODUCT IN ROTOGRAVURE

Millions of people record, with cameras, stories of persons and things. This natural interest in photographs can be capitalized in your own business. Photographs tell a believable story of your products—how they look, how they are made, how they are used. With imagination directing the camera, every picture may be interesting. And when reproduced in rotogravure every reproduction is perfection. Rotogravure is a sales medium, whether as a page in a publication, catalog, package enclosure, broadside, house organ or other piece of sales literature. Among the rotogravure papers made by Kimberly-Clark Corporation there is one that will give you perfect satisfaction for your particular use. Just address any question to Rotogravure Development Department, Kimberly-Clark Corporation, 8 S. Michigan Ave., Chicago, Ill.



Kimberly-Clark Corporation

Makers of Rotoplate, Hyloplate, Primoplate, Servoplate — Perfect Papers for Rotogravure Printing.

in her household, and we are subject to her regulation as far as we are part of her household—the animal part of us, with its animal functions and appetites. Human intelligence is a thing far above nature, it is a spark from the eternal spirit who created nature, and therefore cannot be regulated by her. Any product or institution of human intelligence is beyond nature's control, until abandoned by our intellect, when it returns to nature.

Some of us seem to think that nature should also regulate our business institutions, but she cannot do it.

For instance, nature knows all about peanuts and how to grow them, but she cannot roast them, salt them and sell them. If one of us should put his peanut stand under nature's care and go fishing and, on his return, find both his peanuts and his money gone, don't let him blame nature for it. She knows nothing about cash or credit, it isn't her job.

Now if nature is unable to run a peanut stand, how could any sane man expect her to regulate the economic situations of a nation? Yet for three years now we are standing by—waiting for nature to do our job.

EMIL SCHMID, *President*
Columbian Iron Works, Inc.
Washington, D. C.

♦

Chain store evils

TO THE EDITOR:

In your publication for October under the heading "Scientific Business Needed" you quote the fallacy, "The chains send all their money out of town and leave nothing there." You comment on this, saying that it is part of NATION'S BUSINESS' job to fight such fallacies.

We fail to understand why NATION'S BUSINESS should be so concerned over popular conceptions of the chain store. Why not with equal propriety fight the fallacy which they have consistently foisted over on the public—that the goods they sell at low prices are the equal of those sold by independents?

We have noticed a more than friendly interest which your publication has with chain-store enterprises. We have nothing personal against the chains and recognize some good which they have done. They have lowered the price level of merchandise and continually forced manufacturers to come out with cheaper products. On the other hand they have also forced out many superior articles thereby making the public suffer.

For example, a firm of steel workers in California learned that there were no really satisfactory pruning shears on the market. They succeeded in forging a satisfactory pair. Their reputation spread to other sections and their shears came to be the standard in all orchard sections. The price was $3.50, each pair fully guaranteed.

Then the chain store came in. They advertised shears of the other company's pattern for $2.49, but in many cases they forgot to put "pattern" in their advertisement even in small type. Their shears were a poor imitation of the genuine. However, they made people think that they had bought shears such as their neighbors had told them was the only one to buy. Find-



AMERICAN CIGAR COMPANY
chose KANSAS CITY

To Manufacture
Cremo Cigars

•

WESTWARD expansion of cigar making—to meet great market demands—was pioneered by the American Cigar Company in choosing Kansas City for one of its largest plants. Kansas City represented a marketing center *strategic in western distribution.* Other lines will find a like advantage. *Fact* literature will gladly be mailed on request.

•

INDUSTRIAL COMMITTEE CHAMBER OF COMMERCE OF

KANSAS CITY

The next Kansas City advertisement will tell about the choice of Kansas City as general headquarters for Transcontinental-Western Air, Inc., bringing here its 1½-million-dollar payroll. It is just one more of Kansas City's presentations of MARKED PROGRESS.

•

INDUSTRIAL COMMITTEE
CHAMBER OF COMMERCE
Kansas City, Mo.

Please send me *fact* literature about Kansas City. We are interested in the _____ industry.

Firm Name _____

By _____ *Title* _____

City _____ *State* _____

When writing to KANSAS CITY CHAMBER OF COMMERCE *please mention Nation's Business*

How to Cut Expenses yet INCREASE SALES



The A.W.A. Presents a New Plan in this FREE BOOKLET

Write for your Copy!

THE smart sales manager, in these trying times, is directing his efforts toward two objectives:

1—Getting all the business he can from immediate territories served by his sales force.

2—Going after business in the few "bright spots" on the business map—many of which are far-removed from the home factory.

Direction of sales activities nowadays must be tempered with caution . . . or mounting overhead will wipe out all possibility of profit! Alert executives are finding common-sense information and inspiration in a booklet published by our Association—a booklet entitled: "Increasing Your Sales Through the Use of A. W. A. Merchandise Warehouses."

This booklet, now in its third edition, tells how to gain regional or national distribution for your product at minimum cost . . . how to reduce branch house overhead by using our warehouses as your own branch distributing points . . . how to place spot stocks of your merchandise in the cities where your goods can be most readily and profitably sold.

No matter what you make or market, write today for your free copy of the A. W. A. Booklet. It will be a helpful guide to constructive business thinking in this year 1932!



AMERICAN WAREHOUSEMEN'S ASSOCIATION

1976 Adams-Franklin Bldg., Chicago, Ill.

When writing please mention Nation's Business

ing that the shears which they had bought were unsatisfactory they concluded that this company's shears were like all the rest. In other words, the chain succeeded in tearing down a real article.

We see no reason to defend the chain stores against some of the popular reactions when they are guilty of much worse things that are not publicly advanced against them.

CHAS. H. COLLIER
Clark Hardware Store
Chico, California

♦

Not a "Destructionist"

TO THE EDITOR:

I was greatly surprised to read the editorial in the November number of NATION'S BUSINESS, entitled "What of the Surplus Beef?"

Probably no agency or individual is more opposed to blanket recommendations for voluntary acreage reduction or reduction of herds and stocks for "the common good of all," than the extension service of the New York State College of Agriculture, and myself personally.

Therefore, I take decided exception to being classed in with the "New school of destructionists," who have been recommending that farmers "Plow under every third row," etc.

Referring to the specific part of our agricultural extension program on which the writer of the editorial probably based his statements:

We have for some time been having a surplus of dairy cows and of milk in the area supplying New York City. This is due to the fact that there is a definite cycle in the price and numbers of dairy cows. When cows and milk are cheap we raise too few heifer calves. When prices of cows and milk are high, we raise too many. At present we are reaping a harvest of having raised too many heifer calves when cows were high a few years ago. This surplus has resulted in low milk prices and, from the standpoint of the individual dairyman, need for increasing his efficiency by getting rid of his low producing cows.

Last summer the dairy committee of the New York State Farm Bureau Federation and representatives of the extension service of this institution decided to put on a campaign for culling cows.

It was definitely understood and clearly stated at the start that no dairyman was to be asked, and none have been asked, to do anything "for the common good of all," if such action would cost him money as an individual.

The statement "Cull one out of seven" was adopted as a sort of slogan but with the express explanation, "This is not a blanket recommendation, but rather a guide for the individual to use in culling his herd, it being the opinion of the dairy committee that the average dairyman could probably cull out the poorest seventh of his herd and, as an individual, have more money by so doing."

It was also suggested that many dairymen with high producing herds should not cull at all and that many would find it to their advantage to cull more than one out of seven.

I believe that the following quotation taken from an article which appeared in a large number of our county and state agricultural publications clearly indicates the difference between the recommendation that "farmers cull their herds promptly and vigorously," and the recommendation that "farmers plow under every third row of cotton."

"The New York State Farm Bureau Federation through its dairy committee, has gone on record as having recommended the slaughter of at least one out of seven cows in the state before January 1, 1932.

"Unlike the recommendation made to the cotton growers concerning plowing under every third row, this recommendation is sound.

"With present milk prices and present cost of production, the average dairyman can undoubtedly select on the basis of physical defects and inefficient production one-seventh of his cows for slaughter and, by doing so, make more money for himself.

"Taking out one-seventh of our cows would, of course, mean getting rid of a couple of hundred thousand cows, thus cutting down the surplus. However, more important than that is the fact that taking out the poorest seventh from the average herd would usually mean getting rid of producers so inefficient that the dairyman would have more money at the end of the year even though the total production of milk stayed the same.

"Enough experiments have been tried in attempting to get the individual producer to cut his production for the common good of all, even though it might mean a loss to him as an individual, to prove that the world is not yet ready for such Utopian ideas.

"Any appeal for reduced production must be based on something that will mean money to the individual. Slaughtering the poorest seventh of our cows will do this."

V. B. HART
Extension Professor of Farm Management,
Cornell University,
Ithaca, New York

U. S. Chamber Meeting

FOR THE first time since its creation 20 years ago the Chamber of Commerce of the United States will hold its annual meeting this year on the Pacific Coast. The meeting will be held May 16 to May 20.

On the first day, as in the past, the Chamber's National Council will meet for the nomination of directors for the ensuing year. Those nominated will be formally elected on the last day of the meeting.

Four days will be assigned to general sessions and group meetings for discussion of current business problems. Prominent speakers will address the general sessions. At the group meetings the procedure will be more informal, taking on the character of round table discussions.

Railroads will give reduced rates for the meeting.

They'll 'Buy Now' If We'll 'Sell Now'

(Continued from page 18)

couraging uses when such use is not to the advantage of both buyer and seller.

But that method of salesmanship isn't confined to such important and comparatively new products as bakelite, cellophane and aluminum.

Just the other day a salesman called on me and used this type of selling on one of the most familiar products, insurance. He asked me if I would let him go over my policies and make suggestions.

I was willing and he showed me how I could make changes in beneficiaries that would ultimately make some day worthwhile savings on executor and administrative charges.

This review of an insurance situation brought about a discussion of handling certain real estate, and from that discussion grew a picture of the need for protection of real estate in case of death, and from that a new insurance policy.

The salesman made a sale.

Developing new prospects

ONE more case of "engineer salesmanship" where the hope is to develop a large volume out of small units. New construction has been at a low ebb in this country but there is much work to be done in remodeling and repair.

Johns-Manville Corporation has set to work to show their dealers all over the country how to develop that business, in other words, to give them some new ideas and new methods of practical salesmanship.

The very thing they hope to tell the dealer and carpenter contractors is "How to spot reroofing prospects," in other words how to find a market.

A letter from Ken R. Dyke, sales promotion manager of the company, has this clause:

"I am sure that such a plan as we propose can be more effectively put over when backed by an individual manufacturer who has selfish interests involved, than it could be if adopted by a trade organization."

There is sound philosophy in that, even if "selfish interests" is a harsh phrase. When the individual industry wants business bad enough to go after it, with new methods, new products, new prices, it can get it.

This may be time for a nation wide "buy now" campaign. It is certainly the time for a "sell now" campaign.—W. B.

It's Easier to Subtract than to Add . . and the Result is the Same



Drawn from Stainless Steel

Shell drawn by G. P. & F. from 16-gauge stainless steel. Two parts of shell are welded together after assembly.

IF you could add 3 to 10% to selling price it would be fine for profits. But what would customers think and do? Subtract, then, from production costs . . . and you have the same chance to earn a profit.

Many manufacturers are letting G. P. & F. help them make subtraction do the same thing as addition. The shell drawn from stainless steel shown, is an example of what can be done.

The use of G. P. & F. stampings cuts materials and finishing costs . . . and eliminates machining costs entirely. Better still, it adds sales appeal . . . lighter weight, increased convenience, durable modern finishes, and beauty of design.

G. P. & F. has 50 Years' Experience

More than half a century of experience . . . an ever-growing clientele including many of the largest manufacturers of the country are guarantees that G. P. & F. engineering and design service is almost certain to boost your profits. A few moments of your time is the only cost of finding out what G. P. & F. stampings will do for your profits and your product. Just send a sample or drawing and let us recommend. No obligation whatever.

GEUDER, PAESCHKE & FREY CO.
Sales Representatives in Principal Cities in All Parts of the Country
1419 West St. Paul Ave., Milwaukee, Wis.

*For your convenience just pin the coupon reminder to your letterhead and booklet will be forwarded.

G.P.&F. STAMPINGS



GEUDER, PAESCHKE & FREY CO.,
1419 W. St. Paul Ave.,
Milwaukee, Wis.

Please send your booklet, *"In Harmony with Modern Progress"* to the address below . . . without charge or obligation.



Name.....

Company Name.....

Address.....

City.....*State*.....

When writing to GEUDER, PAESCHKE & FREY CO. *please mention Nation's Business*

Marks of Good Management

THE most essential characteristic of management is organization. If management is right its organization is right. No need to go further to find the qualities that make for success.

Personality shows on the surface. Spirit and morale can not be hidden. Every detail of business transactions expresses their presence, or their absence.

No greater tragedy in business life than the failure of able, honest and potentially successful men. Modern Accountancy sees these failures often and emphasizes them as quite unnecessary. Success is not to the superman alone. Most often it comes from a right concept of organization and the application of a well-ordered plan. Every day, normal business intelligence discovers, and understands better these truths; and so is achieving more fully the results that mark good management.

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

AKRON	FORT WORTH	PITTSBURGH
ATLANTA	GRAND RAPIDS	PORTLAND, ME.
BALTIMORE	HARTFORD	PROVIDENCE
BIRMINGHAM	HOUSTON	READING
BOSTON	HUNTINGTON, W. VA.	RICHMOND
BUFFALO	INDIANAPOLIS	ROCHESTER
CANTON	JACKSON, MISS.	ST. LOUIS
CHICAGO	KALAMAZOO	ST. PAUL
CINCINNATI	KANSAS CITY	SAN ANTONIO
CLEVELAND	LOS ANGELES	SAN FRANCISCO
COLUMBUS	LOUISVILLE	SEATTLE
DALLAS	MEMPHIS	TAMPA
DAVENPORT	MIAMI	TOLEDO
DAYTON	MILWAUKEE	TULSA
DENVER	MINNEAPOLIS	WASHINGTON
DETROIT	NEW ORLEANS	WHEELING
ERIE	NEW YORK	WINSTON-SALEM
FORT WAYNE	OMAHA	YOUNGSTOWN
	PHILADELPHIA	

Western Meeting in Spokane

TAXATION and the efforts of business organizations to meet current problems in trade and industry occupied the Ninth Western Divisional Meeting of the Chamber of Commerce of the United States, held December 4 and 5 at Spokane, Wash.

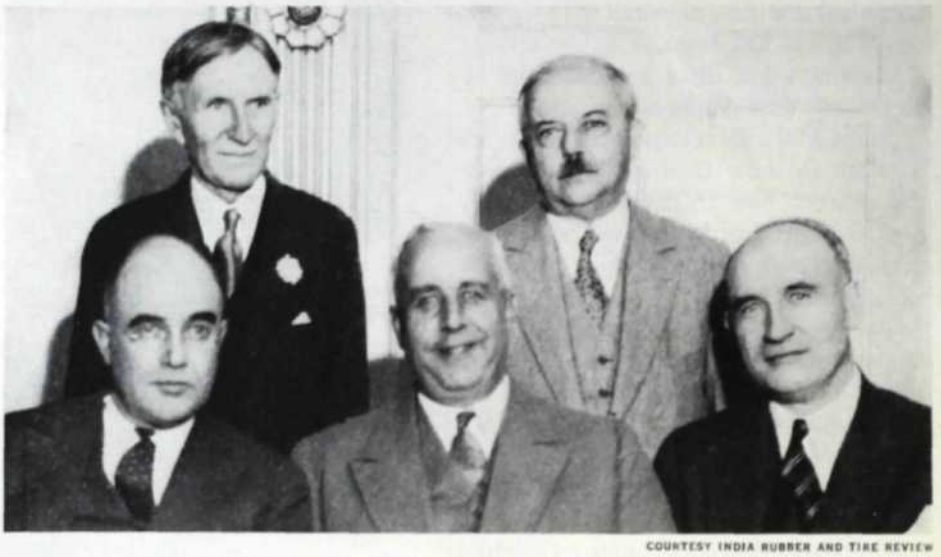
More than a thousand business men of the Pacific Coast and Inter-Mountain region attended, a new record for this division, and a gauge of the interest in the subjects considered. Host to the gathering was the Spokane Chamber of Commerce, of which Eric A. Johnston is president.

Measurable progress is being made in meeting the immediate problems of business and in the evolution of methods of dealing with long-range questions of stabilization and control, the discussions revealed. Frederick J. Koster, president of the California State Chamber of Commerce, told of the state-wide effort to regulate and direct employment in California. The similar work of the Arizona Industrial Congress was described by P. G. Spilsbury, president of that organization, who proposed it as a model for a national plan of industrial stabilization and control. Stabilization from the national viewpoint was discussed by Henry I. Harriman, chairman of the National Chamber's committee on continuity of business and employment.

How the immediate problems of trade and industry are being dealt with by the International and National Chambers was told by Silas Strawn, president of the latter body.

Accomplishments of state organization in curtailing costs of government and systematizing expenditures were discussed by Orval W. Adams, of Salt Lake City, and others. Various forms of organization for dealing with these questions were presented by delegates from Arizona, California, Idaho and Utah.

Subjects of resolutions adopted by the meeting included government purchases, government contracts, government competition in business, increased monetary use of silver, setting up of state economic clearing houses, and forest, fire and health protection.

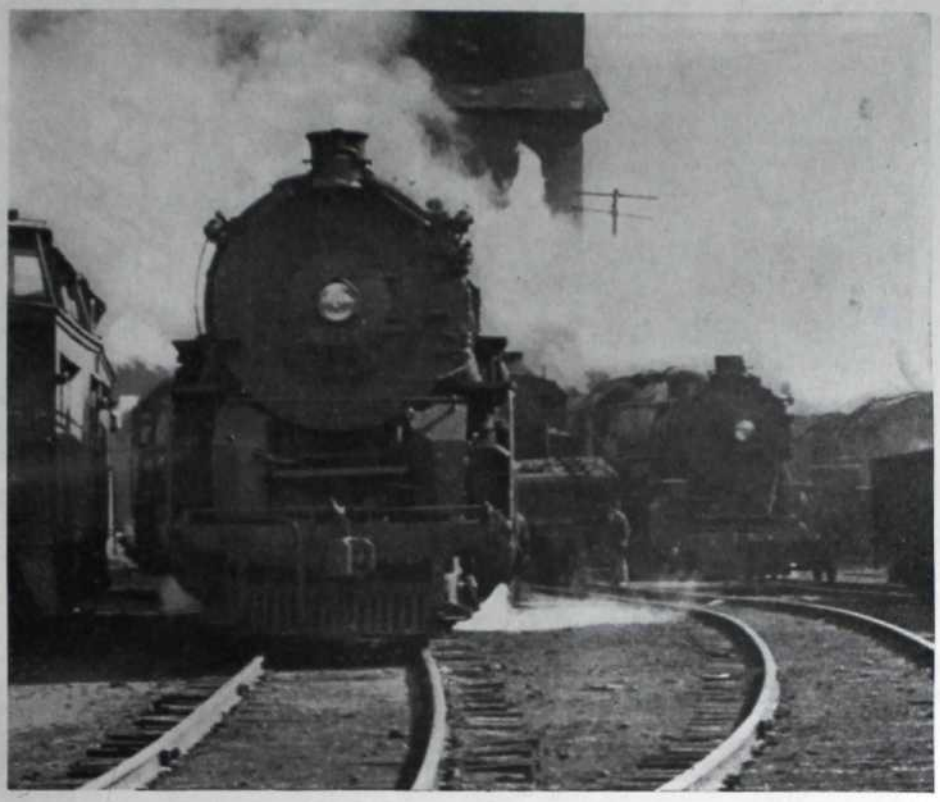


COURTESY INDIA RUBBER AND TIRE REVIEW

THEY WORKED TO SAVE AKRON'S BANKS

Standing: Harvey S. Firestone, president, the Firestone Tire & Rubber Co.; Frank A. Seiberling, president, the Seiberling Rubber Company; Seated: James D. Tew, president, the B. F. Goodrich Co.; Paul W. Litchfield, president, the Goodyear Tire & Rubber Co., and William O'Neil, president, the General Tire Co.

THESE five men, with other Akron citizens, sat around a conference table and worked without interruption from Saturday noon until nearly daybreak on Monday to make possible the establishment of Akron's new $15,000,000 Credit Corporation and the merger of the First-City and Central-Depositors banks. It was the first local community application of President Hoover's rediscount bank idea and blazed the trail in relieving banking distress.



SHIP AND TRAVEL FAST ERIE SERVICE

A big Erie freighter at Port Jervis Yard, "rarin' to go."

Fast, economical
TRANSPORTATION
is the life-blood of
COMMERCE •

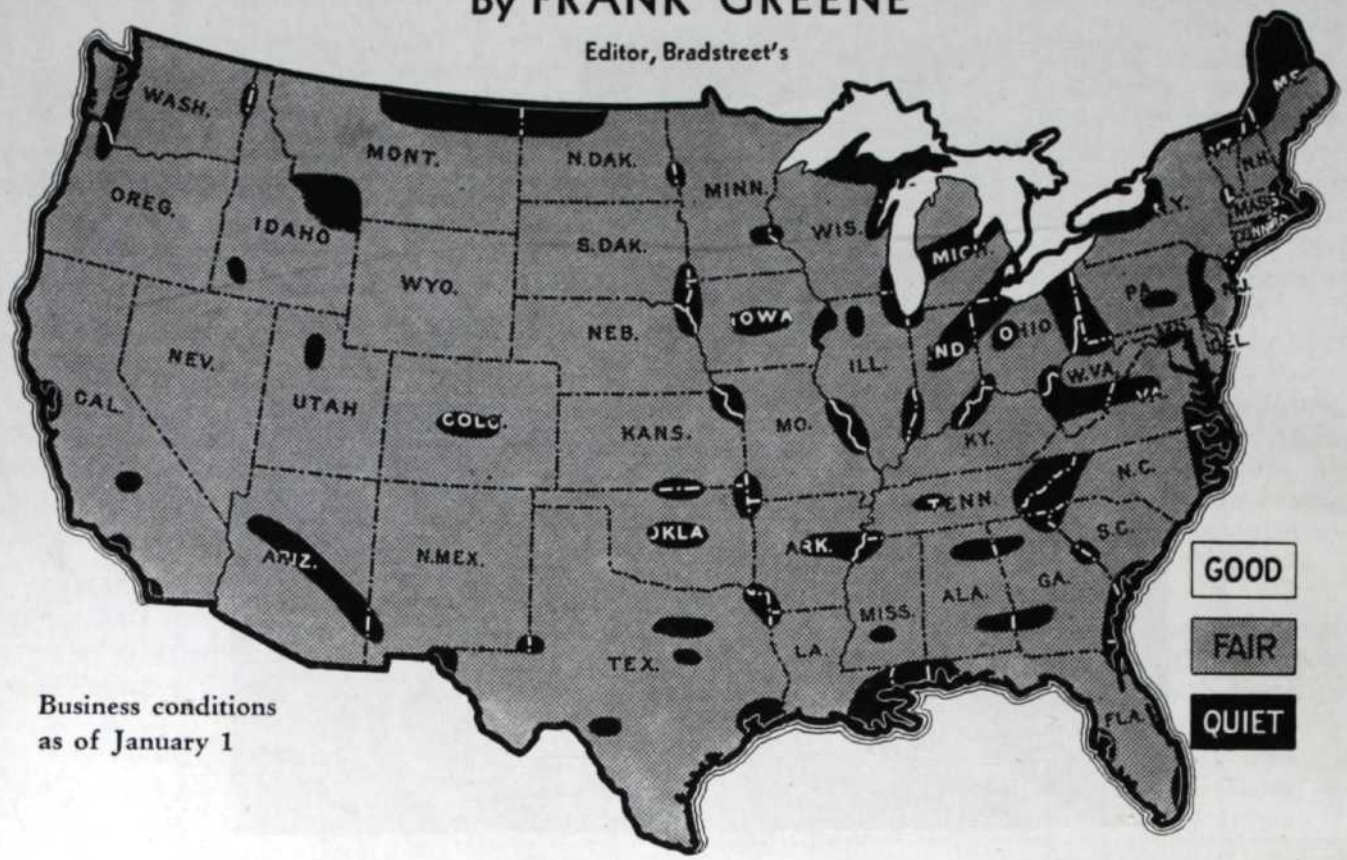
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ERIE RAILROAD SYSTEM
The Heavy Duty Railroad

The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



Business conditions as of January 1

WHILE securities sagged to new low levels in December, stubborn strength was displayed by grains and cotton. Retail trade advanced, despite the retarding effects of mild weather on many lines

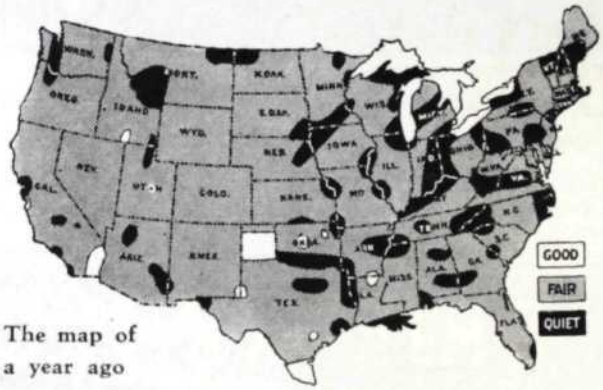
ENOUGH new lows in commodities were reached in December to contradict the frequent statement that these prices had again been "stabilized." Declines exceeded advances two to one—but some standard bearers among the staples, like grains (corn, a seasonal product just now, excepted) showed comparatively little weakness. Coffee, copper, cotton and rubber showed slight gains. Bradstreet's Weekly Food Index for the close of the year was at its lowest point since it was first compiled in 1916 and the Monthly Commodity Index reached the lowest point since the summer of 1908.

Failures made a new high record in 1931. In fact, there were as many failures in 11 months of last year as there were in the 12 months of 1930. The worst feature was that total liabilities were swollen by the unprecedented number of bank suspensions. Some months ago it was estimated that 2,000 bank closings would be recorded in 1931. That would be nearly ten per cent of all the banks in the country. This seems to have been the case, as, according to the Federal Reserve Board, 1,832 banks closed in 11 months of 1931. They had deposits of $1,471,000,000.

Probably 200 to 300 more closed in December. Business liabilities of all kinds in 1931, swelled by these bank liabilities, indicated an aggregate of failure damage, perhaps 56 per



The map of last month



The map of a year ago

Final returns indicate that agriculture's gross income in 1931 was $6,920,000,000, lowest since 1911. In 1919 gross income was $16,000,000,000

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cent higher than the previous record total, that of 1930.

December retail trade advanced over that of recently preceding months, while wholesale business, industry and collections receded.

December trade dropped slightly

HOWEVER, mail-order sales for December, 1931, decreased 19 per cent from the December, 1930, figure, as against a 17.6 per cent decrease in November and a 22 per cent decrease in December, 1930, from 1929. For the full year the decrease in mail-order sales from 1930 was 14.2 per cent, as against a 10.9 per cent decline in 1930 and 1929.

Chain-store sales for December, 1931, were six per cent below those of the like month of 1930, which in turn showed a decrease of 4.9 per cent from those of December, 1929.

The decrease in November was 8.2 per cent. For the year, chain-store sales fell four per cent from those of 1930, which in turn were 0.5 per cent above those of 1929.

Combined chain- and mail-order sales for December, 1931, declined 9.6 per cent from those of the like month of 1930. Sales for the year were 5.6 per cent lower than in 1930. The decrease in 1930 from 1929 was two per cent.

Department-store sales for December fell thirteen per cent below December, 1930. For the year 1931 the decrease was 11 per cent from 1930, and the decline in 1930 from 1929 was eight per cent.

Good health despite depression

THERE were two things about 1931 which were not necessarily related but which were interesting. One was that public health was generally good the country over. Reasoning from this, there seems to have been no impairment of health despite the talk of under nourishment due to hard times, lack of work and consequent reduced earnings.

The other interesting thing was the statement by President Woods of the American Meat Packers Institute that meat consumption increased slightly in the United States in 1931. The increase was mainly in lamb which moved into consumption in greater volume than ever before.

Consumption of beef and veal changed little. Pork consumption was slightly larger than in 1930 and consumption of lard was ten per cent heavier than in the preceding year. It may be inferred that these increases were the result of the lower prices which certainly ruled at wholesale and presumably at retail also. Hog prices at one time in December were reported the lowest in 30 odd years.

The steel industry was slack in December, with capacity at a very low point—perhaps 20 to 25 per cent as against perhaps 35 per cent last year when total potential capacity to produce was, however, less by some millions of tons than it is this year. Prices were weak, with bars, plates and shapes off in the closing days of the month, due, probably, to the slackness in the automobile-manufacturing trade. Still, one estimate of December output was 100,000 cars and trucks, which compares with an actual output of only 68,867 vehicles in November—the smallest output in any month since the figures were first collected in 1921.

Roads show small profit

PRELIMINARY estimates of railroad earnings for November, based on reports of a large number of roads, revealed a decrease of 23.2 per cent from November, 1930, and 38.7 per cent from November, 1929. Coincidentally, net operating income fell 40.8 per cent from November, 1930, and 57.2 per cent from November, 1929.

For the ten months ending with October, gross earnings were 20.2 per cent and net earnings 38.9 per cent below 1930. The decreases from 1929 were 32 and 57 per cent, respectively. The new freight rates granted by the Interstate Commerce Commission went into effect early in January.

A number of roads have announced wage decreases of ten per cent, and it seems increasingly likely that the various railroad union bodies will accept them. Nevertheless, the news dispatches report that the Interstate Commerce Commission has been asked to permit a new 800-mile railroad to be built from Denver to southern California.

Farm income hit low

FINAL returns of size and value of the country's crops—December 1 farm prices being taken as a guide to the latter—by the Bureau of Agricultural Economics, reveal a sizable decrease in corn yield and smaller changes up or down in other cereals, with crop values and farm income lower than for at least 20 years. The revisions in size of crops were based mainly on revisions of acreage. The value of the country's

crops was put at $4,122,850,000, 29 and 49 per cent lower than 1930 and 1929 although the yields of leading crops were ten per cent larger than in 1930, the drouth year.

Weather helped winter wheat

THE shortage in spring wheat and the moderate crop of corn, taken in conjunction with the large yield of winter wheat in the Central West and Southwest, points to the recurrence of certain weather phenomena noted many years ago.

It seems almost certain that record yields of winter wheat and corn in the same year are what might be called incompatible. Winter-wheat yield *per* acre in 1931 was 19.2 bushels as against 15.2 bushels in 1930 and 14.2 bushels in 1929. In spite of reduced acreage from 1928 to 1930 the winter-wheat crop rose from 577,000,000 to 787,000,000 bushels, which indicates that reduction of acreage of and by itself does not necessarily mean smaller yields.

Estimates of aggregate income made by the Agricultural Economics Bureau reveal that agriculture's gross income in 1931 was $6,920,000,000—26 per cent less than in 1930 and 42 per cent less than in 1929, this sum including products that were sold or consumed in the farm home.

It is figured that the crops provided $2,900,000,000 of this income and live stock about $4,000,000,000—$1,000,000,000 and $1,400,000,000 respectively less than in 1930.

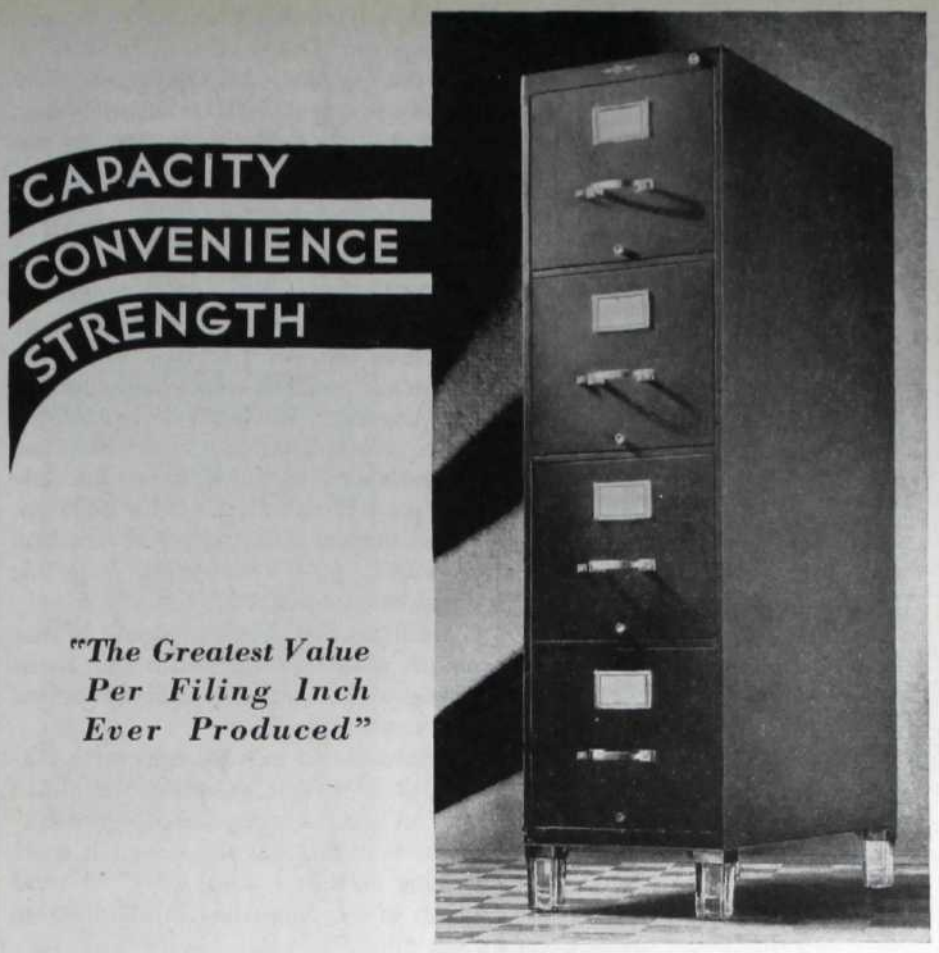
When the gross income of 1931, the lowest since 1911, is compared with the gross income of $16,000,000,000 in 1919 we get a better idea of the reduction agriculture has taken.

Study of some 40 odd farm crops over the two years, 1929 to 1931, shows that only two products have advanced in price. Grapes showed an advance in 1931 over 1930, the hops in 1931 over 1929.

Wheat holds above low

THE stubborn strength of wheat since that product emerged from the rut of early September and October, when practically double bottoms were recorded, has persisted fairly well, too, despite some fainting spells in the stock and bond and cotton markets. At the time of writing, the price still holds at one-third to one-half of the gain of October-November.

Reasons that are assigned for this are many and various. One is that the world's crop of 1931, with 41 countries



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reporting, totalled 3,542,684,000 bushels as against 3,635,025,000 in 1930 (Russia not included), but the decrease here shown is only 93,000,000 bushels, which is less than earlier estimates led the trade to expect.

Acreage reductions may help

ANOTHER reason assigned is speculation, but that hardly accords in a year when speculation was slack. Then, too, there are admitted reductions in acreage in Argentina, in Australia and in our own winter-wheat area. In the last named, however, the reduction was only ten per cent and although the plant entered the winter in the lowest condition—with two exceptions—in 40 years, this may be changed by spring.

Still another reason assigned is that much wheat is being fed to animals or being sold to Oriental countries where the rice crop is short.

Perhaps the simplest appearing reason of all is that the wheat trade here got an idea that the price of September-October, 1931, was too low, that short selling at such a price was "out" and that wheat prices had nowhere to go but up.

All this is perhaps by the way as it were, but the fact remains that wheat still holds a sufficient share of the advance of October-November to pay storage charges and show a slight profit.

Prices of commodities in December showed a further slight decline to a level of about June, 1908.

Sales of stocks and bonds have parted company in recent troubled years. Bond sales gained in 1931, while stock sales decreased. They are still at almost opposite poles, judging from the fairly steady gains in bond sales and the declines in stock sales. In December, bond sales gained over those in December 1930 by 26.4 per cent, while stock sales declined by 14.6 per cent. For the year, bond sales were 10.7 per cent ahead of 1930 while stock sales were off 29.9 per cent. Compared with 1929, bond sales in 1931 were off 9.2 per cent and stock sales 53 per cent.

Bank clearings still tend downward, which is not surprising considering the bank mergers and suspensions noted in 1930 and 1931.

For December, clearings were rather uniformly lower than a year ago, in the neighborhood of 31 per cent over the entire country and in the cities outside New York, while the decreases for the year were off respectively 24.5 and 25.2 per cent. Compared with 1929, the outside of New York clearings were 62.2 per cent smaller while the decrease in all clearings was 42.7 per cent.

Following is a fairly complete comparison of financial and industrial movements in November and the 11 months of last year as compared with the previous year.

Comparison is also offered with the months of 1929:

FINANCIAL AND INDUSTRIAL TRENDS

	Nov. 1931 compared with Nov. 1930	*11 mos. 1931 compared with 1930*	*11 mos. 1931 compared with 1929*
Automobile production	−49.6	− 29.1	− 56.7
Building value	−49.2	− 28.9	− 60.2
Cement output	−26.5	− 22.4	− 25.4
Cigarette output	− 1.3	− 4.5	− 4.2
Coal, bit., output	−22.0	− 17.8	− 28.6
Coal, anth., output	−20.0	− 12.4	− 17.4
Cotton consumption	+ 3.1	+ 1.2	+ 23.6
Cotton exports	+17.9	− .7	− 14.0
Electricity, Kw. hour, output	− 4.0	− 4.5	− 5.6
Gasoline consumption	− 1.1	+ 1.6	+ 6.9
Petroleum consumption	+ 4.9	− .9	− 4.6
Pig iron output	−40.9	− 41.9	− 56.1
Rubber consumption	− 2.3	− 7.9	− 26.5
Shoe production	− 2.1	+ 3.4	− 12.6
Silk consumption	**−11.7**	**− 6.2**	**− 5.0**
Steel ingot output	+ .1	− 36.7	− 54.0
Wool, raw, consumption	−17.5	+ 20.7	− 12.9
Carloadings	−17.9	− 18.6	− 28.9
Bank clearings U. S.	−33.4	− 23.9	− 44.1
Bank clearings outside N. Y.	−31.0	− 24.7	− 38.0
Bank debits, U. S.	−31.1	− 26.7	**− 47.7**
Bank debits, outside N. Y. C.	−25.9	− 21.5	− 34.2
Business failures, number	− .3	+ 10.1	+ 34.0
Business failures, liabilities	−54.6	+ 83.4	+253.0
Merchandise exports	−33.2	− 37.2	− 53.4
Merchandise imports	−26.2	− 32.0	− 52.6
Railway earnings, gross	−23.0	− 20.2	− 32.0
Railway earnings, net	−41.0	− 38.9	− 57.0
Retail trade, chains	− 8.2	− 3.4	− 5.0
Retail trade, mail orders	−17.6	− 13.7	− 22.0
Retail trade, total above	− 9.9	− 5.2	− 8.2
Retail trade, Dept. stores	−15.0	− 11.0	− 18.0
Stock sales, N. Y. Exchange	−28.1	− 29.9	− 49.8
Bond sales, N. Y. Exchange	+24.1	+ 9.0	− .1
Employment, national	− 2.8	− 14.5	− 30.1
Pay rolls, national	− 5.0	− 25.3	− 46.9
Fire losses	− 1.1	− 2.1	+ 7.5
Price Index, Bradstreet's	*− 2.1	− 19.5	− 35.3
Bank suspensions, number, F. R. B.	−33.4	+ 83.0	+210.0
Bank suspensions, deposits F. R. B.	+55.3	+195.0	+572.0

*Decrease for month

Benefactor of Aviation

THE routine of commercial business was too dull for Harry Guggenheim, mining magnate. After the war in which he served as a naval flyer, Guggenheim decided that he no longer had a taste for business.

He looked around for something with more thrill. Aviation presented itself. He interested his father and the Guggenheim Foundation for the Promotion of Aeronautics was established. Millions of dollars were placed at the young man's disposal and one of the greatest influences on modern aviation in this country came into being.

It all happened because business was too dull for a young man who had just emerged from the war.

Comment on Cost of City Government

AMONG the many comments NATION'S BUSINESS received concerning Lawrence Sullivan's article, "We Pay Too Much for City Government," in the November issue, were several from citizens and officials of cities which Mr. Sullivan rated as "high-cost" centers. These letters took exception to the basis which Mr. Sullivan employed for his rating—*per capita* revenue collections—which, the writers pointed out, was capable of erroneous interpretation.

Mr. Sullivan's purpose, of course, was to show the upward trend of taxes. In doing so, however, he used only the total *per capita* revenue from all sources.

This total *per capita* revenue in several of the 12 "high-cost" centers Mr. Sullivan listed—among them, Colorado Springs, Pasadena, and Lansing, Mich.—included not only receipts from the general property tax, but also receipts from city-owned utilities and from miscellaneous sources.

Property tax not high

THIS being the case, points out J. R. Lowell, president of the Colorado Springs Chamber of Commerce, and E. L. Mosley, city manager of Colorado Springs, such use of the figure might easily convey the impression that taxes are high in that city, whereas, as a matter of fact, they compare favorably with taxes of cities in its class.

Of the *per capita* collection for 1928 (which Mr. Sullivan used in his article and which amounted to $90.42), these gentlemen show, only $43.48 was derived from the general property tax, while $39.19 was derived from the earnings of Colorado Springs' city-owned public service enterprises. Colorado Springs' *per capita* expenditure for 1928, they add, representing the cost of operating the city (except the telephone and street railway systems) was only $62.85, leaving a *per capita* surplus of $27.57.

A similar criticism is voiced by F. A. Hutty, industrial commissioner of the Lansing Chamber.

"If you had subtracted from total revenue collections the amount of revenue derived from public-service enterprises," writes Mr. Hutty, "the *per capita* figure for Lansing would have been $54.13, instead of $91.63."

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Some Reasons for High Taxes

PROPOSALS have been made to revive the schedule of income taxes effective in 1924. How would it be if we should adopt the schedule of government expenses for the fiscal year which ended with June 30, 1925? That was a three and a half billion year. The year ending next June will be a four billion year. That may not seem a tremendous increase, but it must be recalled that in 1924 we were still doing some spending as a result of war activities.

For that and other reasons, it is difficult to compare the two years, but we can compare the cost of certain government activities for the fiscal years 1925 and 1932. Let us begin with some of the independent offices since they are near the head of the federal budget.

Increase of 100%

THE Board of Tax Appeals in 1925 was a $350,000 body. For the current year it is a $660,000 one.

The Bureau of Efficiency was $150,000 bureau; now it is a $200,000 bureau.

The Civil Service Commission has gone up from a million to a million and a half.

The Employees Compensation Commission went from two and a quarter million to four and a half million.

The Federal Board for Vocational Education was a five and a half million dollar body and now is a ten million dollar body.

The Federal Farm Board didn't exist in '24-'25. Its current expenses were about a million and a half. This, of course, doesn't include advances for purchase of farm commodities.

The Federal Power Commission cost us $30,000 in '24-'25. Now it costs $300,000.

The Federal Radio Commission didn't exist then and now is a $400,000 body.

The Interstate Commerce Commission was then spending four million, now it is spending nine.

The Federal Trade Commission has jumped its costs from a million to $1,800,000.

The Tariff Commission has jumped from $700,000 to $1,250,000.

The Veterans Bureau was a $300,000,000 organization in '24-'25. Now, listed under Veterans Administration, it costs $735,000,000.

This is an incomplete list of the independent offices, but it is enough to show how they have grown and to indicate how they will grow unless public sentiment reaches a boiling point and Congress finds that the real way to save is not by lopping off a dollar here and $100,000 there but by abolishing outright a substantial part of the activities of government.

Turn now to the major departments of government and here is a table in round figures:

	1924-25	1931-32
Agriculture (including good roads)	$155,000,000	$243,000,000
Commerce	25,000,000	50,000,000
Interior	83,000,000	85,000,000
Justice	22,000,000	50,000,000
Labor	8,000,000	14,000,000
Navy	330,000,000	360,000,000
State	16,000,000	17,500,000
Treasury	147,000,000	267,000,000
War	340,000,000	330,000,000

It is easier to see where the growth is if we take some individual bureaus and divisions in the departments. Let us start off with Agriculture, because it begins with A.

Here's the Bureau of Animal Industry, a ten million dollar outfit in the fiscal year '24-'25 and a 16 million dollar concern now.

The Bureau of Dairy Industry which cost $450,000 then, now costs $800,000.

Plant industry comes between Dairy and Animal and has gone from $3,600,000 to $5,800,000.

Forest Service is a young and growing giant. Seven years ago it cost us ten million now it costs us 20 million.

The Bureau of Chemistry once cost us $1,400,000 and the Bureau of Soils cost us $400,000. Now they have been joined and cost us two million.

The Bureau of Entomology which was two million now is $2,800,000.

Public roads spent 13 million a few years ago—now spends $125,000,000. This is due to state aid for road building.

Bureau of Agricultural Economics spent four and a half million and is now spending seven and a quarter million.

Home Economics was $100,000 and is now a quarter of a million.

Move over now to the Department of Commerce and we find among its activities that the Bureau of Standards has gone up from one million and three-quarters to about two million and three-quarters.

The Bureau of Foreign and Domestic

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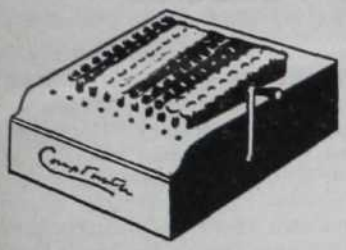
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7 years

Californians Inc.



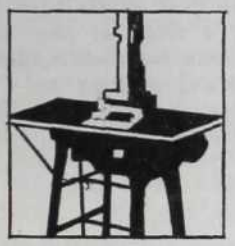
8 years



Kansas City Chamber of Commerce
7 years

STONE & WEBSTER
ENGINEERING CORPORATION
13 years

Addressograph



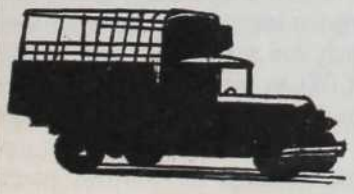
9 years

Burroughs



10 years

International Harvester



11 years

Alexander Hamilton

Modern Business

14 years

General Electric

GE

11 years

Chicago Tribune
7 years





FOR NEW ECONOMIES IN BUYING

see what 9,000 exhibitors offer this spring at Leipzig, Germany!

95% of the U. S. buyers who once visit Leipzig repeat their visits

The world-wide price reductions of recent months will be evidenced more keenly at the Leipzig Trade Fairs than at any other market. This spring 9,000 firms from 25 countries will compete for sales in showing their latest merchandise.

In the General Merchandise Fair, March 6th to 12th—among the exhibits of 7,000 manufacturers—you can see new displays of ceramics, glassware, household and kitchen utensils, lighting fixtures, toys, sporting goods, jewelry, novelties, motion picture and optical goods, furniture, stationery, textiles, toilet goods.

In the Great Engineering & Building Material & Equipment Fair, March 6th to 16th—2,000 manufacturers display the latest improvements in machinery and equipment designed to lower production costs and raise profits. These machine exhibits are of interest to every industry.

If economy is your goal—Leipzig is your first buying stop!

We will rebate transportation expenses to U.S. buyers

—on the basis of orders placed at the Fair. Write today for details on this money-saving rebate offer. Let us furnish you with Fair literature and other detailed information on exhibits. Address:

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10 East 40th St., New York City

LEIPZIG TRADE FAIRS

For 700 years the world's greatest markets

When writing please mention Nation's Business

Commerce was $2,700,000 and is now $5,250,000.

The Bureau of Fisheries was $1,300,000 and is now nearly three million.

In the fiscal year 1925 there was no aeronautical branch. There was a National Committee on Aeronautics which spent half a million dollars. The Aeronautical Branch of Commerce now spends ten million.

One more department—Labor. Let us take two or three of its activities and begin with one that has shrunk.

The Children's Bureau spent $1,300,000 in the fiscal year 1925 and spent only $400,000 in 1932.

The difference is explained by the fact that no longer are grants to states made for the "Promotion of the Welfare and Hygiene of Maternity and Infancy."

The Children's Bureau did manage to increase its personnel despite the fact that it was spending less money.

In the Department of Labor, the Bureau of Immigration which cost four and a half million now costs ten million, while Naturalization has gone up from $700,000 to $1,100,000.

The Women's Bureau was $100,000 and is now $150,000.

Employment Service was $200,000 half a dozen years ago and is now nearly $900,000.

"Gallery of Popular Fallacies"

POPULAR fallacies which afflict business continue to be brought to our attention by business men—fallacies which hold prominent place among the burdens which their businesses bear. By displaying and discussing these fallacies NATION'S BUSINESS hopes to expose their falsity and curb their harmful effects.

1. "They've Always Got to Have Electricity."
   (Domestic load would not fall greatly during a depression, but this constitutes only 13 per cent of the power generated. Commercial and industrial use can and does fall and rise with the index of the times.)
   BENTLEY BARNABAS, *Assistant to the Director of Public Relations,*
   Kansas Gas and Electric Company,
   Wichita, Kans.

2. "You Must Realize that My Business is Entirely Different."
   (Advertising agency men have gone mad because of this oft-repeated fallacy. It's the first remark of every client when getting under way with an advertising agency.)
   ALLAN C. GOTTSCHALDT, *President,*
   Gottschaldt-Humphrey, Inc., Advertising,
   Atlanta, Ga.

3. "Sentiment Has No Place in Business."
   (The executive who does not take into consideration the emotions of man is destined to fail; a corporation dead to the lofty sentiment of mankind will not long survive.)
   CHINGWAH LEE, *Manager,*
   The Chinese Tours and Better Business Bureau,
   San Francisco, Calif.

4. "The Railroads Cannot Cut Expenses Further."
   (I've proved that freight cars can be handled more efficiently and with less breakage through a campaign of education among the men handling them. I tell them that business is being taken from us through the carelessness of a few who break up equipment and lading, delay cars, raise costs and automatically cut off their jobs by handing business to truck and boat lines. We have increased our efficiency 50 per cent in this terminal in one year.)
   J. E. GRIDLEY, *Switchman,*
   Tampa, Fla.

5. "We Can't Afford to Do Business with Institutions; There's too Much Graft."
   (I have talked with many manufacturers who say that they've never been called upon to pay a single cent of graft in selling the institution field, nor so far as they know have their salesmen. Still the fallacy persists.)
   J. E. KENNEDY, *Managing Editor,*
   Institution Management,
   New York, N. Y.

6. "If You Can't Advertise Big—Don't Advertise."
   (Lavish efforts of big companies discourage the little fellow; also perhaps his past efforts have failed—but as a result of poor planning rather than inadequate funds. Give me a penny postcard and I'll start an advertising campaign. And with good planning and a little luck I'll make it pay. So would you.)
   M. ZENN KAUFMAN,
   11 W. 42nd Street,
   New York, N. Y.

7. "The Advertisers Dictate the Policy of Newspapers."
   (This is so common that it needs no explanation; so silly that it needs no rebuttal.)
   GORDON K. BUSH, *Publisher,*
   The Athens Messenger,
   Athens, Ohio

WHAT are the greatest popular fallacies concerning your own line of business which you would nominate for this Gallery? Write me personally concerning them. The Popular Fallacies of Business are being discussed in our own pages and, through the courtesy of the National Broadcasting Company, over a nation-wide radio hook-up at 7:45 p. m. (E.S.T.) every Thursday.

MERLE THORPE

In Arms Against Government Costs

(*Continued from page 34*)

lated city with intricate problems of assessment, taxation and expenditure. But Greenwich, Conn., is badly off also and is a suburb of New York where well-to-do people have all-the-year-'round and summer homes. Greenwich found it couldn't sell its bonds and had to cut off its program for school buildings, city hospital, highways and sewage disposal.

There's an increasing and insistent demand that taxes be reduced. What stands in the way?

The fact that the very men and women who want taxes reduced don't want government expenditures cut. That is they don't want their own pet expenditures cut.

Some time ago I asked this question bluntly of Representative Will R. Wood of Indiana:

"Is there any way of reducing government expenditures?"

His answer was:

"No, except perhaps in the Army and Navy. If you try to reduce the expenditures of government departments you meet too much organized opposition in Congress.

"There is too much 'If you'll help me save this for my constituents I'll help you save that for yours.'"

Expenses without income

THAT is the great obstacle in the task of making government cheaper. Everybody agrees that waste and inefficiency should be abolished but no one wants to see a job abolished. Everyone agrees that "something ought to be done" but let our town put a park in its northeast corner and all the citizens of the southwest corner are up in arms for its mate.

Yet the horizon shows signs of light. When 10,000 citizens leave their homes at night to march upon a city hall there is hope.

Ultimately they and their fellows will learn that a successful fight against taxation must begin with a fight upon spending.

The small beginnings of revolt which I have chronicled may end in a nation-wide movement to check government growth.

Did the little group of men who threw the tea overboard in Boston Harbor in 1773 realize that in a decade the colonies would be independent?—W. B.



DIFFERENT CONDITIONS* JUSTIFY *DIFFERENT FENCE METALS

● PAGE is fortunate in having had nearly fifty years observation of the performance of different metals as fence materials. This accumulated data covers all parts of the country and wide varying atmospheric conditions.

Here is a most important point—demonstrated beyond all question, *no one metal is suitable to all localities.* PAGE meets the situation with four different metals:

1 Page "*Alcoa*" Aluminum
2 Page Armco Ingot Iron
3 Page Copper-Bearing Steel
4 Page Highland Wrought Iron

● There is an expert PAGE FENCE organization at each one of our 82 Service Plants over the country. Write for the name of our representative nearest you. They will be happy to recommend impartially the particular metal that will give you best service. Write also for a copy of "Border Patrol"—a beautifully illustrated booklet containing a wealth of fence facts—and the story of Page specialized fence service. No obligation. Address Page Fence Association, 520 N. Michigan Ave., Dept. N1 Chicago, Ill.

America's first wire fence — since 1883

PAGE

nation-wide service through 82 service plants

Fence of Armco Ingot Iron fabric is exclusive with Page

Page Fence is a Product of The Page Steel & Wire Company, an Associate Company of American Chain Co., Inc.

FENCE

CHAIN LINK OR ORNAMENTAL WROUGHT IRON

When writing to Page Fence Association *please mention Nation's Business*



You can *always* send FLOWERS

...wherever she may be

February 14—Sweethearts' Day—*flowers!* Speed the blooms of your choice to the girl of your choice, safely and swiftly, the guaranteed "Mercury" way. Look for the familiar "Mercury" emblem shown below, whenever you wish to send flowers by wire.

•

For Distant Flower Deliveries
THE "MERCURY" WAY
is Guaranteed!

This Mercury emblem on a florist's window indicates membership in the Florists' Telegraph Delivery Assn., world-famed for dependable service.



Through the Editor's Specs

(*Continued from page 9*)

terests and to lend a hand in political chores.

If our Congressmen, every one of whom has vociferously declared to his constituents that he is in favor of economy in government, really wanted to help out the present federal deficit, other than by increasing the taxation, they could do so very quickly by abolishing the position of postmaster and placing the responsibility for conducting the offices upon the assistant postmasters.

I realize at this point that I have wasted my time, and yours, and ink on the typewriter ribbon, because no single Congressman has the courage to nurse such a thought, much less to bring it out into the open.

But some day, when the present tax revolt gets well under way, there will be candidates who will promise to do this very thing, along with other obvious economies, and some November will register the indignation and resolution of the citizens, which are so lacking in their present representatives.

C. H.

P.S. I know of a rural carrier getting $1600 yearly, who works two or three hours a day, and clerks in a store eight hours daily as a side issue. If Congress or the Post Office had the nerve to put the rural delivery on a business basis, it would cut another $50,000,000 off the federal deficit.

In the Postal Bulletin of December 17, the First Assistant Postmaster General makes frank admission of one of the evils described above. He pleads with rural carriers to discontinue their outside employment. He tells them that "rural carriers are generally well paid * * * and that under the existing conditions (of general unemployment) they should confine their activities, so far as gainful pursuits are concerned, to their official duties." The F. A. P. G. makes it clear that it is not an order, but a request to rural carriers "to govern themselves in the spirit of these comments."

•

FIVE minutes later a colleague who had been making some comparisons of government figures emerged triumphantly from under a mountain of budget material and said:

"The Government certainly does move forward.

"I find that whereas it used to divide employees up into twelfths when necessary, it has now advanced from a duodecimal to a decimal system and breaks them up into tenths.

"For instance, the Bureau of Entomology of the Department of Agriculture had on its personnel in 1924 9½ persons in the department engaged in fighting the gypsy and brown tail moth.

"They had ⅓ of a Grade C scientist, ⅓ of a principal photographer, 1⁵⁄₁₂ of a principal clerk and ⅔ of an administrative assistant. That was the crude old way they used to do it.

"In 1931 they had in the field fighting the pink boll worm of cotton 51³⁄₁₀ men including ⁹⁄₁₀ of a watchman and ¹⁄₁₀ of an under biological aid."

•

LITTLE ROLLO—Father, I see that the Government ran behind $900,000,000 last year, will run behind $2,120,000,000 this year and expects to run behind $1,400,000,000 next year. How did we get that way?

FATHER—We got that way, my son, the same way anyone else does. The government spent more than it took in. It will have taken in in the year ending with June 30 next $2,360,000,000 and it will have spent $4,480,000,000 and there's the $2,120,000,000 hole.

ROLLO—But what happened to the income?

FATHER—Your Uncle Sam got a sharp salary cut. The government draws most of its pay three ways: income taxes, internal revenue, mostly tobacco, and tariffs. Incomes dropped off about $700,000,000 and the rest of it slipped enough so that he will take in this year (up to next July) about $960,000,000 less than he did last year. And he spent about $260,000,000 more.

In 1931 he ran $900,000,000 in the hole and if you add those three figures you'll get $2,120,000,000 again.

ROLLO—All right, Dad. But how did we spend more money while we were going broke?

FATHER—Lots of ways, my son. With all our talk about rigid economy, if you'll look at the expenditures made and planned for the year ending June 30 next, you'll find that practically all of them jumped up.

ROLLO—Tell me, Dad, what kind of a man is a man who spends more the less he gets?

FATHER—Don't ask, son. Here's a nickel. See if you can't spend a dime.

•

A SENATOR from Wisconsin inserted in the *Congressional Record* of Monday, December 14th, an address by President Frank, of the University of Wisconsin, in which the mountain labors and brings forth the mouse that "we have no industrial leadership" and that, unless such is forthcoming, the country will go to the demnition bow-wows. Someone might as well say that President Frank and his educational system



"When we compared results

A NATIONAL WAS THE LOGICAL CHOICE"

Back of every installation of National Bookkeeping Machines is that conclusion.

An important eastern department store reached it after six months' investigation and ordered seventy-five Nationals, replacing eighty-five other machines on customers' accounts.

A California bank felt the same way after comparing all methods of handling commercial accounts and put in two Nationals to do the work.

A public utility company spent more than a year seeking the best machine to do a particular job and chose Nationals.

In New York City so many department stores hold that opinion that three times as many National Bookkeeping Machines are used as all other bookkeeping machines.

Whatever your accounting problem may be, we ask that you too compare results.

Learn for yourself just what it is worth to have the full adding and typewriting keyboards of a National, the complete visibility of all printing, automatic credit balance and other exclusive features.

There is a representative in your city who will be glad to help you in this connection. The National Cash Register Company, Dayton, Ohio.



National

ACCOUNTING AND BOOKKEEPING MACHINES

When phoning a NATIONAL CASH REGISTER *representative please mention Nation's Business*

Business Guns IN ACTION

MOWING DOWN RESISTANCE CUTTING COSTS

Businesses of all types and sizes, shops, stores, offices, factories, hotels, restaurants—clubs, associations, schools, churches, and institutions—all are using rapid-fire methods to put their sales-and-service messages across with the help of Heyer Rotary Lettergraphs.

These rapid, rotary duplicators are the machine-guns of business. They give you up to 1,500 clean, exact copies an hour, of anything typed, written or drawn, from postcard size to 9 x 15 sheet (maximum printing surface 7½ x 11 inches) in one or more colors. They match work of the costliest machines, at an average cost of 25c per 1,000 copies.

Completely Equipped $35

Try a Heyer Rotary Lettergraph for 10 days in your own office. Use the coupon.



See your stationer or mail coupon for **10-day trial offer.**

HEYER ROTARY Lettergraph

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HEYER DUPLICATOR COMPANY, INC.
(Established 1903)
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Street .....
City ..... *State* .....

When writing please mention Nation's Business

have fallen down, despite the fact that from 1900 to 1926 the number of pupils increased only 59%, while the number of teachers employed increased 90 per cent, their salaries 700%, the amount spent on buildings and equipment 1050 per cent, and expenditures for other purposes 1130 per cent. If leadership is lacking, our educational system is at fault.

There are two non sequiturs for you in a single paragraph.

♦

IN A recent issue of the Washington *Post*, on the first page, appears the proposal of Congress to add four new taxes to the residents of the District of Columbia, in order to raise $3,000,000. Ironically enough, the same issue of the *Post* contains a 24-page supplement carrying in small type several thousand tax sales of property whose owners have been forced to turn them over because of inability to pay taxes.

♦

A JUDGE in Chicago has ruled that a husband may play poker twice a week, provided he gets home at a quarter to twelve.

Some rights are left.

♦

H. P. LIVERSIDGE, General Manager of the Philadelphia Electric Company, read Herbert Corey's article in the November issue, "Lighting New York Tomorrow," and was moved to write:

> Several years ago I had a personal experience which leads me to comment briefly on your introductory hypothesis—"Suppose New York were to go dark some night—and stay dark." The guest speaker at a banquet here in Philadelphia was suddenly taken ill and I was called upon about four o'clock in the afternoon to provide an alternate.
>
> Dr. Steinmetz, whom I knew quite well, happened to be in the city. I called him at his hotel and asked him to come down to the dinner and deliver an extemporaneous address.
>
> The affair was attended by representative business men—bankers and industrialists—none of them, however, very conversant with the problem of electricity supply. Dr. Steinmetz in his characteristic manner proceeded to paint a picture of what would occur to that group and the entire community if electricity were to go on strike right then and there.
>
> Well, as he proceeded, the picture became darker and gloomier until he almost appeared to be a prophet from the dark regions portraying something that seemed to be almost an actuality. The impression on his audience was most astonishing. He told me afterwards he had never before seen such a reaction.

And part of the miracle of it all is that we turned from semidarkness to light in a lifetime. Thousands of men who read this can recall an oil lamp youth in the country, or city houses lighted by fish tail gas burners.

And does any one believe that all this would have happened if men had not had the urge of profit, of the desire to get ahead in the world?

Suppose Government had had the electric lighting monopoly as it has had the postal monopoly. Where should we be now?

♦

IF ONE needs a day-to-day description of the difference between handling the public business and private business, he has only to read the *Congressional Record*.

The public business is running at a deficit. Practically every suggestion of management on the Hill is where to find the money to meet the deficit. Seldom if ever is there a suggestion that expenses might be trimmed.

Management of any private business, when faced with a similar situation, gives perhaps greater emphasis to expense items than to high-pressure selling in order to get more income.

It looks with a fishy eye on those operations of the business which are causing the deficit. But, of the hundred items in governmental operation, running the gamut from manufacturing and sale of agricultural products, air-craft, anchors, awning, auto tops, on through the alphabet, to warehousing, no Congressman has the temerity to raise a finger, much less to suggest a possible retrenchment. Thus, Government grows and grows and grows and its citizens pay and pay and pay. And thus the difference between the public business and private business.

♦

NOW that Congress has convened, Washington has become the county fair for exhibits of every conceivable plan and panacea to restore the country's prosperity.

Hotels, clubs, Capitol Hill, convention rooms, and even the streets, resound to propositions from premises to conclusions.

The situation reminds a former president of the American Bar Association of the following:

> A farmer was in the habit of calling his hogs to their feed by beating on a tree with his scoop shovel. One day a neighbor called to him:
>
> "Si, what's the matter with your hogs? They're running from tree to tree like dogs treeing a coon."
>
> "It's the durned woodpeckers," said Si, "they's driving 'em crazy!"

W. T.

Schedules of savings effected by typical businesses which have recently moved to Bush Terminal City . . . All of these are actual cases:

	At Previous Location	*At Bush Terminal*
Cartage	$ 9,000.00	———
Light and Power	983.52	$ 605.40
Fuel	1,344.00	540.00
Insurance	310.00	190.00
Rental	10,000.00	10,145.60
Grand Total	$21,637.52	$11,481.00
YEARLY SAVING		**$10,156.52**

	At Previous Location	*At Bush Terminal*
Floors Occupied	6	1
Sq. Ft. of space	50,000	26,870
Rent	$ 20,566.00	$17,465.00
Taxes on Building.	5,034.00	———
Maintenance of Building	5,564.00	———
Coal for Heating	1,631.00	———
Insurance on Building	344.00	———
Total Rent	$ 33,139.00	$17,465.00
Insurance on Merchandise	1,677.00	338.50
Trucking to Railroad	10,134.00	———
Electricity	401.00	90.00
Labor, Receiving and Shipping	15,512.00	10,312.00
Telephone	407.00	200.00
Grand Total	$ 61,270.00	$28,405.50
YEARLY SAVING		**$32,864.50**

	At Previous Location	*At Bush Terminal*
Floors Occupied	9	2
Sq. Ft. of Space	135,000	100,000
Rent	$77,300.00	$65,000.00
Maintenance of Building	2,150.00	———
Insurance on Merchandise	2,600.00	1,050.00
Disposal of Refuse	1,080.00	400.00
Trucking	33,200.00	12,400.00
Electricity	13,400.00	8,425.00
Labor, Receiving, shipping, stock room, handling	79,450.00	60,240.00
Supervision, foreman, porters, watchman	98,400.00	75,600.00
Grand Total	$307,580.00	$223,115.00
YEARLY SAVING		**$84,465.00**

Among the well known products manufactured, warehoused at or distributed from Bush Terminal, are: Lucky Strike Cigarettes, Chesterfield Cigarettes, Raleigh Cigarettes, Del Monte Coffee, Beech-Nut Coffee and confections, Hill Bros. Coffee, Pepsodent, General Motors Export, DuPont, Burgess Batteries, 20 Mule Team Borax, Libby Olives, Frigidaires, A & P Teas and Spices.



When Del Monte brought East its new brand of coffee, its first problem was to secure the most efficient set-up for roasting, packing and distribution. Del Monte finally selected Bush Terminal. Nowhere else were such dramatic savings possible, such unrivaled facility to expand economically as sales increased.



For **DEL MONTE COFFEE**

BUSH *offered the perfect economical set-up for its* Eastern Market

Bush Terminal is a huge industrial city where every manufacturing, warehousing and distribution requirement is provided for — where every overlapping cost is done away with — where every necessary cost is pared to the bone. Effective savings of 35% to 50% are the usual thing. Custom-tailored facilities — all the co-operative advantages — can be had nowhere else.

Bush Terminal offers eight gigantic piers for ocean and coastwise steamships; concrete and steel fire-proof buildings, 100% sprinkler; power, light and steam at lower costs; no cartage costs for moving rail freight into or out of terminal (package or carload); connections with other coastwise steamship lines, eliminating all or part of trucking charges to piers; stations of all consolidated car companies; plentiful labor; 5,000 to 100,000 square feet on one floor, reducing space and supervision costs by 35%; insurance rate as low as 8c per hundred; service by every trunkline railroad entering New York — sidings at every door.

Free Industrial Survey

Write us your problem. One of our staff engineers will make an industrial survey of your business, show you actual savings possible — additional facilities available — by moving to Bush Terminal.

BUSH TERMINAL CITY

Owned and Operated by BUSH TERMINAL COMPANY

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FOREIGN DISTRIBUTION—BUSH SERVICE CORPORATION

Sure! I'm the Firm's Printer...



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Multistamp is standard equipment in many of America's biggest firms. Yet it costs so little that any firm can afford it. More than 300,000 in use.

A Size for Every Need

Multistamps are made with printing surfaces from rubber-stamp size to legal-page size at prices from $7.50 to $35.00 for completely equipped units. Combinations of three sizes, with complete supplies for each, in compact, portable metal cabinets; $50.00 to $60.00. Every outfit guaranteed for five years.

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Service Stations in most Principal Cities.
Ask for demonstration—
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who would enjoy receiving NATION'S BUSINESS each month, and who would profit by reading it. You and he would both benefit from the ideas he picks up in this magazine. Why not subscribe for him.

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Washington, D. C.

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Should The Law Compel Waste?

(*Continued from page 23*)

the natural resource industries can legally take concerted action to regulate production within an industry and bring such stability as is necessary to present waste of resources. Of the many plans offered, the Committee chose the course which seemed to offer the most hope. As may be seen from the wording of the resolution a broad and liberal interpretation is possible for each industry affected.

The Sherman Act has been a deterrent, not only because of what it says specifically, but because many individuals have hesitated to put it to new tests. Both the Sherman Act and the Clayton Act are couched in common law terms several centuries old. Only the most skillful lawyers can interpret them accurately. This uncertainty in the law is a continuous deterrent to industrial progress in keeping with modern economic development.

The term "restraint of trade" is a case in point. Originally it was meant to apply to cases in which an individual agreed not to engage in a particular business for a specified period or in a specified place. Today, in its general application, it has a new and somewhat vague significance.

Agreements would be allowed

THE suggested tribunal would be authorized to determine whether a condition of overproduction, which was not in the public interest, existed in the natural resources industries. Upon such a finding, the tribunal would be authorized to permit the units of the industry to enter into agreements to control the production of its commodity entering into interstate commerce, provided the purpose was to bring production and consumption into reasonable balance, and was not primarily for the purpose of eliminating competition, establishing monopoly, or unduly increasing prices. The tribunal would have authority to terminate the agreement when the agreement was being abused.

Such an arrangement would not result in the establishment of a large permanent federal commission, its proponents say, nor would it preclude the development of the trade practice conference or of trade association activities. Under this provision the industries would, of course, not be prevented from adopting any of the various measures suggested for their betterment that do not require legislative aid.

Those who oppose change in the federal statutes feel that such changes as could be made would have only minor effects. Production is affected by state laws, while the federal laws relate only to commerce among the states. This group believes that the best attack is through state legislation such as has recently been enacted in California, Texas and Oklahoma.

There is today a more or less general recognition of the fact that the size and power of large organizations will not necessarily be used against the public interest, but may be even to the public's advantage.

Those who favor state action also point out that mistakes of such a tribunal as proposed would be costly. Decisions of the Federal Trade Commission can be appealed to the courts, but the actions of the proposed new body would be final. Opponents argue that if there is to be federal action, it should be toward specification and definition of the elements of the public interest as to these resources. Then there would be no need for intervention by a commission, and any test cases might be taken to the courts.

Finally, the negative side argues that a federal agency should not be set up to engage in an activity which would have all the earmarks of price fixing.

State laws may conflict

ANOTHER point raised by the negative side is that, while certain agreements may be made legal under federal jurisdiction, state laws may still conflict. A case in point in Texas is cited. There leading oil companies are being prosecuted under a state law for agreements made under the auspices of the Federal Trade Commission. Further, there is no guarantee that agreements would be binding.

The next few years will tell an interesting story in the development of these industries, in case this Congress acts favorably on the proposal. It may mean quick and sure recovery for the natural resources group, or it may mean merely that a few more industries have moved into the field of federal regulation. It may mean prosperity coupled with true conservation—or it may mean just another bureau at Washington, growing in size and power year after year.

Human Nature In Business

IF NO other indication of business depression had been available during the last few months, any observant housewife might have known it from the increased number of agents ringing her doorbell. House-to-house canvassers seem to increase in direct ratio to sales difficulties in other channels.

This is not only because more sales effort is necessary to maintain volume in various lines, but also because more competent people are willing to work house-to-house selling when other avenues of employment are closed. Selling direct to people's homes is sometimes profitable, but it is probably the most grueling work a salesman can undertake.

♦

A YOUNG woman who has done much door-to-door selling tells me that she has hit upon a fairly sure way of getting into a home where the door would be closed against her.

"When the housewife is unwilling to let me in," this woman says, "I immediately begin to show great interest in something up the street. This may be a neighbor's garden, something mysterious in an upstairs window, the strange behavior of a bird, a black cloud—anything at all, so long as it excites the curiosity of the housewife and makes her step out in front to join me in looking. Then when she goes back into the house, I follow her."

♦

I RECENTLY asked a newly arrived Frenchman, on his first visit to the United States, what he liked best about our business methods.

"I'm much impressed," he said, "by your open-handed way of doing things, your freedom from pettiness. Especially in regard to matches. The way you give out matches free of charge in cigar stores, hotels and elsewhere is charming."

The same Frenchman told me that he thinks we Americans are more efficient than the French in business, largely because of our attitude about breakfast.

"In Paris," he said, "nobody eats anything for breakfast except a little flaky roll and a cup of coffee. The consequence is that we are hungry at our work all morning and then overeat at noon. All afternoon we are not at our best, because of the big lunch with wine. It is good business, your big hearty American breakfast."—F. C. K.



YOU DON'T MANUFACTURE ALARM CLOCKS

But tie the story of Big Ben to your own product

THE original alarm clock was born of a new idea—a clock to awaken you. Later it was made more sturdy—more efficient. Now it has reached the third stage, the stage of *fresh appeal*—it has style. Congratulations to Western Clock Company for their ingenuity.

For twelve years YPS engineers have created new business for their customers by redesigning products to improve appearance, cut down weight, reduce production costs.

To this staff we have now added the services of a nationally known product Stylist.

We are thus able to offer a complete four-way service—*product redesign, form styling, color styling and parts production.*

Old products, given new life, will enjoy new sales impetus. Diagnose your product and your market. Fit your product to the new market conditions.

FREE OFFER Our staff are ready to help you. In the order in which requests are received, YPS will diagnose products without cost or obligation. (For obvious reasons we are forced to limit consideration to sizable products which are or can be made of metal.)

THE YOUNGSTOWN PRESSED STEEL COMPANY
WARREN, OHIO



YPS

The Youngstown Pressed Steel Company,
801 University Avenue,
Warren, Ohio.

We would like to know more about your free offer to make a Product Diagnosis for us. And send me a copy of "Old Myron Looks Up"—the tale of an old business and a new bag of tricks.

Name of firm .....

Address .....

City ..... State .....

"PRESS IT FROM STEEL INSTEAD"

When writing to THE YOUNGSTOWN PRESSED STEEL COMPANY *please mention Nation's Business*



BANKERS TO INDUSTRY EVERYWHERE

HOURS ... MINUTES COUNT

When a Sale waits on a Credit Checkup

A FINANCE Service is often judged by the speed at which it moves...particularly in the matter of passing on the credit of purchasers who inquire for deferred terms. C. I. T. recognizes the need for consistently quick service; every department of our Organization is geared to meet it.

In over 140 cities of the United States and Canada we maintain Local Offices, each a complete Sales Financing Unit—checking credits, discounting paper, making collections. This C. I. T. network has set new high standards of speed and cooperation in finance service both to manufacturers and merchants.

Is your Company making the maximum use of time payments to build sales? Have your financing arrangements kept up with changed conditions? Today's low prices and narrow profit margins compel keeping closer watch on overhead costs of extending credit. There is a C. I. T. representative in your territory — an experienced finance man. Invite him to submit (without obligation) his ideas on how C. I. T. Finance Service might save time and money for your firm.

COMMERCIAL INVESTMENT TRUST CORPORATION

Executive Offices One Park Ave., New York

Subsidiary Operating Companies with Head Offices in New York ~ Chicago ~ San Francisco Toronto, Canada ~ Also Completely Functioning Local Finance Offices in the Principal Cities

CAPITAL AND SURPLUS OVER $90,000,000

When writing to Commercial Investment Trust Corporation *please mention Nation's Business*

Things Talked about in Wall Street

By a Staff Writer of NATION'S BUSINESS

NEW YORK, *Jan. 4*

ASK the average man in Wall Street what's in the way of recovery, what's keeping business in the dumps and he'll solemnly list four things:

1. Europe's debts to us, both public and private.
2. The plight of the railroads with its repercussion on savings banks, insurance companies and individual investors.
3. The domestic bank situation.
4. The Government's financial difficulties plus the need for new taxes and further bond issues.

The quartet of plagues upon business is real enough. Against this listing one good authority in the Street said:

Let's look at the other side. Take the things you're testing in order:

"1. Congress has made it plain that we shall not consider debt reductions. In other words, the temper of the people as reflected by Congress—and Congress *does* reflect the people—is to let Europe settle her own affairs and to attend to our own. It might be a good thing for the country to forget foreign debts.

"2. The Interstate Commerce Commission has given some aid to the railroads and the strong roads have agreed to help the weak. There is every prospect that Congress will extend further relief. There is indication that railroad labor will accept wage cuts philosophically.

"3. Although bank failures have continued, the National Credit Corporation is functioning.

"4. A tax plan is certain soon to be presented and there are hopes of reasonably prompt passage.

"These factors which I have offset against the four plagues of business are not cures by any means. But they all tend to dissipate uncertainty and uncertainty holds us back."

The professional economists' idea of a Christmas or New Year holiday is to meet in some city and read papers to each other.

They did it this year in Washington and a group of them rather frankly proposed inflation as a cure of the too great deflation from which we suffer at the present time.

To be sure they didn't use those words quite as freely as I have. They talked rather of credit expansion and contraction.

Which suggested this question to a banker:

"Why is there something sinister in the word 'inflation' and a suggestion of virtue about 'deflation'?"

Perhaps, after all, inflation and deflation are merely things we ought not to overdo and lately we may have overdone deflation.

The economists seemed to agree. Lionel D. Edie, one of them, proposed that contraction of bank reserve balances should be halted, that Federal Reserve credit should be increased, etc., but that "once the tide is turned, the central banks should be equally prompt in clamping the lid down on inflationary tendencies."

The trouble with inflation is the trouble with drinking whisky—it's hard to know when to stop.

♦

THE Federal Reserve Bank of New York at the turn of the year described the vicious circle that had been going on in banks in the latter part of '31:

> Since September the tendency toward credit reduction has been accelerated, as a decrease of investments has been added to the reduction in loans.
>
> The ensuing rise in money rates was accompanied by a decline in the prices of high grade securities, and this decline in security values, together with the loss of deposits, appears to have set in motion a cycle of credit reduction which continued after the immediate cause ceased to operate. Individual banks sold bonds or reduced their loans to strengthen their position.
>
> The result, however, was a further decline in the market value of investment securities and a loss of deposits by other banks, so that those banks also considered it necessary to strengthen their position by selling securities or reducing their loans. This action, in turn, while strengthening for the time being the position of individual banks, merely passed the burden along to other banks and tended to perpetuate and make progressively larger the losses of deposits and the decline in market value of bank assets for the banking system as a whole.

♦

THE cycle which the Bank's bulletin described somewhat ponderously touches the lives of all of us. Here's a story a man told me the other day.

He's an executive and a stockholder in a midwest manufacturing company with a long record of profits which ended temporarily with 1931. He, and others like him, pledged their stock to buy more stock hoping to have a recognizable part in the company which employs them. Now one big block—about the



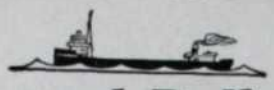
FROM THE MURAL PAINTING IN THE SEAMEN'S BANK FOR SAVINGS, NEW YORK

Washington landing at the foot of Wall Street for his inauguration as President of the United States

Tidewater



Inland Water



and Rail



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The St. Lawrence River route to the sea; the Great Lakes inland; direct service by two great Transcontinental railways; power at prices to compete with the world; plentiful labor; a concentrated domestic market; rich Empire markets. These are among the many reasons for Beauharnois as the site of your Canadian plant.

Send for Booklet B4

Beauharnois Power Corporation Limited
Montreal Canada

largest in any one man's hands—of the stock of that company is also held by a bank as collateral for a loan. The borrower has gone as far as he can in reducing his loan and the bank is threatening to sell his stock. If it does, that stock, not often dealt in, will sink regardless of its intrinsic value and every borrower who wanted a bigger share in the concern for which he works will be scurrying around to raise another $1,000 or $2,000.

The banks are not brutal. More than one banker has said:

"I hope the bank examiners never find how far we've gone to save men who were worth saving."

♦

HERE'S another case—a group of men who have an idea for a new shaving lotion. They've put money into a long series of experiments.

They're confident they have a sound business in embryo. They have reckoned the costs and profits.

But their associates say, "Wait."

The banks say "Wait," and what happens?

Instead of a beneficent circle of investment, plant building, advertising, selling, every step along the line that means employment of men and money, they sit still.

♦

HERE'S a story of the advantages of small business as against large business. To be sure it has to do with a railroad and any railroad is likely to be a rather big business, but it was a small railroad in comparison.

Sometime ago this railroad got a new president. He'd been a director of the road but he wasn't an out and out railroad man. In fact he was more or less forced into the job.

When he took the presidency he found that the board of directors represented the ownership of only 500 shares of stock in all. Little by little he built up a new board until he had one that owned more than 80,000 shares of stock, a fair showing of the total outstanding stock.

Then he made that board work. He called meetings in various cities along the line of the railroad and got the directors and the local shippers together to find out what was wrong with the road.

He was able greatly to strengthen a rather weak line, to effect large savings and get out of the directors a maximum of real direction, partly because their own interests were very directly involved.

"Why," I asked the man who told me this story, "don't more railroads follow this example?"

"Because," was the answer, "the stock of most of our large railroads is so widely held that it would be difficult to as-

FACTORY on Mississippi River in Illinois wants more work. Is operating on short time due to decreased demand for regular products. Can adapt machines to a large variety of work and can furnish efficient executive, engineering, selling and accounting service. Transportation facilities first class.

Box 12, Nation's Business, Washington, D. C.

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at 7:45 p.m. E.S.T.
when MERLE THORPE talks on

"POPULAR FALLACIES OF BUSINESS"

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O Business English
O Commercial Spanish
O Effective Speaking

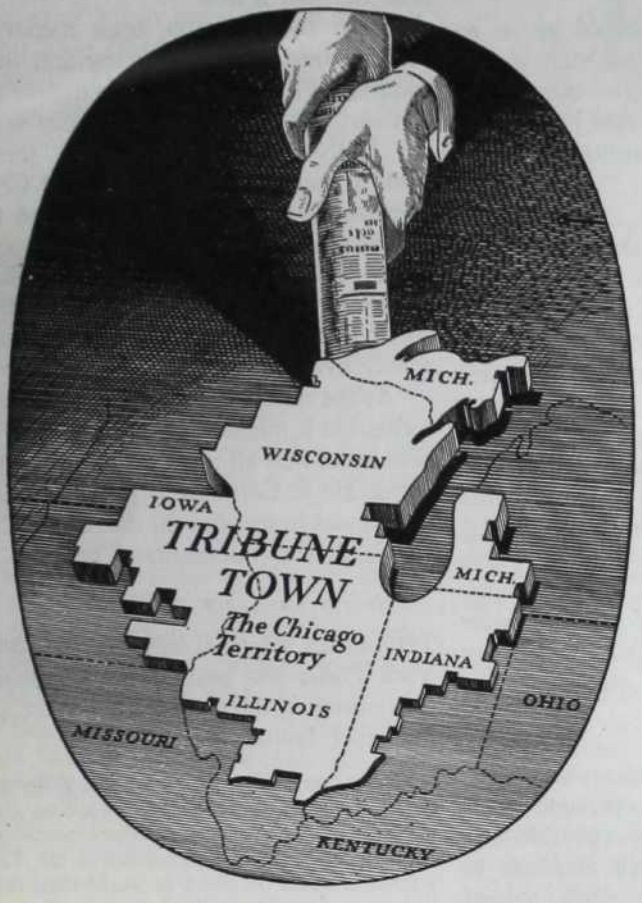
LASALLE EXTENSION UNIVERSITY
Dept. 2374-R Chicago

Where Business Will Meet in February

DATE	ORGANIZATION	CITY
1–2	National Automobile Dealers Association	*Chicago*
2	Retail Meat Dealers Protective Association	*Los Angeles*
2–4	Iowa Lumber and Material Dealers Association	*Des Moines*
2–5	Merchant Tailor Designers Association	*Montreal*
2–5	Michigan Retail Hardware Association	*Detroit*
2–5	Nebraska Retail Hardware Association	*Omaha*
2–5	New York State Retail Hardware Association	*New York*
3–4	Sand Lime Brick Association	*Washington, D. C.*
3–5	Michigan Retail Lumber Dealers Association	*Grand Rapids*
4–6	Texas S. W. Warehouse and Transfermen's Association	*Dallas*
7–12	American Ceramic Society	*Washington, D. C.*
7–12	National Brick Manufacturers Research Foundation	*Washington, D. C.*
8–10	National Builders Association	*Hampton, Va.*
8–11	Associated Bakers of America	*St. Louis*
8–12	National Association of Retail Clothiers and Furnishers	*Atlantic City*
9–10	National Luggage Dealers Association	*Chicago*
9–11	Illinois Lumber and Material Dealers Association	*Chicago*
9–12	Iowa Retail Hardware Association	*Des Moines*
9–12	Pennsylvania and Atlantic Seaboard Hardware Association	*Philadelphia*
9–12	Tile and Mantel Contractors Association of America	*Rochester*
10–12	California Retail Hardware Association	*Sacramento*
10–12	National Paving Brick Association	*Chicago*
10–12	Retail Lumber Dealers Association of Western Pennsylvania	*Pittsburgh*
10–13	National School Supply Association	*Chicago*
11	Maryland State Association of Mutual Fire Insurance Companies	*Baltimore*
11–12	Ohio Bottlers Association	*Columbus*
11–13	Wholesale Stationers Association of the United States	*Washington, D. C.*
12–13	Virginia Lumber and Building Supply Dealers Association	*Richmond*
15–18	American Paper and Pulp Association	*New York*
15–18	Supply and Equipment Section of the American Paper and Pulp Industry	*New York*
16	Southern Travelers Association	*New York*
16–17	Inland Daily Press Association	*Chicago*
16–18	Wisconsin Retail Lumbermen's Association	*Milwaukee*
16–19	Ohio Hardware Association	*Columbus*
17	Tennessee Dairy Products Association	*Nashville*
19	American Wine Growers Association	*Washington, D. C.*
22–23	Eastern Federation of Feed Merchants	*Syracuse*
23–26	American Concrete Institute	*Washington, D. C.*
3rd wk.	Technical Association of the Paper and Pulp Industry	*New York*

Secretaries of national trade associations are urged to notify Nation's Business of their coming meetings. Notice of conventions should reach Nation's Business at least 30 days before date of publication of the issue in which they are to appear.

One newspaper pries loose this rich slice of America's buying power



THIS is a market that spends more than 5½ billion dollars a year at retail. It is Tribune Town—the super-community in which the circulation of the Chicago Sunday Tribune concentrates.

The Sunday Tribune supplies the leverage that will release your share of this tremendous spending. It exerts the pressure that will give your product the kind of dominance in Tribune Town the Sunday Tribune itself enjoys.

The Sunday Tribune will do this for you because it goes into 7 out of 10 Chicago homes. 51% of the families in 704 towns and cities of 1,000 or more population in this rich market read the Sunday Tribune.

The Sunday Tribune gets action for your advertising because it gets to the people of this five-state super-city who have money to spend and spend it—the people who do 42% of all Tribune Town's buying—the people whose preferences for products are in turn the preferences of the rest of Tribune Town.

Get all that's coming to you when you advertise in Chicago. Use the Sunday Tribune and you get circulation of a size and responsiveness no other Chicago newspaper can rival—and you also get sales dominance no other publication can give you throughout Tribune Town.

Chicago Tribune

THE WORLD'S GREATEST NEWSPAPER

FINANCIALLY IMPREGNABLE

Eastern Adv. Office, NEW YORK 220 E. 42nd St. — *Southern Adv. Office ATLANTA 1325 Rhodes-Haverty Bldg.* — *New England Adv. Office BOSTON 718 Chamber of Com. Bldg.* — *Western Adv. Office SAN FRANCISCO 820 Kohl Bldg.*

Reach the Southwest

Via "America's Port of Quickest Dispatch"



The Port of Galveston is served by 69 steamship lines and five great railroad systems. Frequent coastwise service extends to east and west seaboard ports.

Galveston is a unit port—all activities under one control. The co-ordination of rail and water terminal facilities means dispatch in transferring cargo from one carrier to the other. Galveston is on the Gulf—vessels reach the open sea in shortest possible time.

Every modern facility is provided to insure efficient and dependable service. Concrete, sprinkler-protected warehouses keep shipments safe while in port.

Experienced traffic men welcome opportunity to help solve traffic problems. Write for *"Shippers' Digest,"* official port publication, giving sailing dates and shipping news. Write the Chamber of Commerce, Galveston, Texas, or direct to the Galveston Wharf Company.



Ships come from every major port.

Galveston's location and transportation facilities make it an economical Southwestern distributing and manufacturing point. Galveston's winter climate is ideal. Investigate.

Port of GALVESTON

When writing please mention Nation's Business

semble a board which should represent any substantial part of the ownership."

When ownership also manages there is always the hope of profit to act as a spur.

♦

COMMON prophecy in the financial district is that many changes in executives will take place early in 1932. The argument is that it didn't take a great deal of ability to make a good showing in the years from '22 to '29, but that the last two years have sorted out the workers and the figureheads.

Such talk always leads to a consideration of the duties and responsibilities of directors.

A banker said to me the other day:

"I'm a director in some 30 corporations. There is a good reason why our house should be represented in each directorate and I try, with the help of subordinates, to do a conscientious job in every case.

"But I doubt if I should be on so many boards. I think no man should be on more than four or five boards and that in each case he should be paid an adequate salary as a director."

♦

THE job of being president of either the United States or a bank or a manufacturing company isn't all peaches and cream. A vice president of one of the largest industries in the United States said the other day:

"I feel sorry for the president of our company these days. He's working ten or 12 hours a day and every time the directors get together they tell him that everything he's done is wrong. Three years ago they told him he was a business genius. Now he's putting in twice the effort, time and thought and they tell him he's a doubtful asset."

♦

THE position of being the town's leading citizen to whom everyone owes money isn't an entirely enviable one even when his town-folk continue to meet their obligations. He's always called a skinflint when he won't lend more and a Shylock when he tries to collect his debts. And when his neighbors decide one by one that they can't or won't pay he gets just as little sympathy. Then he's told that he was a fool ever to have loaned the money.

There was a time when the United States might have taken a certain pride in being "The World's Great Creditor Nation." Now she seems to be in the second stage.

The bankers' testimony before the Senate Finance Committee was of loans running into four or five billions. So far $850,000,000 is in default and all of that in South America.

♦

THE Senate inquiry into foreign loans was not unwelcome to some bankers. Said one:

"If the inquiry into foreign debts be made thoroughly, it will help to break down the idea that the problem of German indebtedness to this country is the concern of a few New York City banks only.

"The fact is that banks all over the country are interested in reaching a right settlement of this question. I doubt if New York banks are involved in proportion to capital and resources much more than banks in other cities.

"Moreover, Germany's public loans are widely held in this country. There are estimates that some 200,000 persons hold German bonds.

"Then there are the open accounts between business in Germany and this country. We have no certain figures as to these, but the German financial census in November showed that these book accounts about equalled the German public debt and there is reason to believe that this ratio would hold good in this country and that private debts from Germany are about equal to the bonded indebtedness and are spread widely over the country.

"As the committee brings out such information it might break down a widely held belief that all talk of extending economic aid to Germany is part of a diabolical plot to sacrifice the interests of the people to the 'international bankers.'"

♦

THE astute financial editor of the New York *Times* was cautious in discussing the outlook in the special supplement of the paper January 1. Said he:

> In the financial community four different positions seem to be taken regarding the future. The first is one of complete bewilderment and of inability to predict at all. The second is based on belief in world-wide disintegration of the credit system, leading to general bankruptcy.
>
> The third is for a period of financial hesitation, possibly much prolonged, to be followed after a reasonable interval by restoration of home and foreign confidence.
>
> Yet still another attitude is taken which professes to look for return to normal conditions much more rapidly than any one seems at present to expect.

"You pay your money and you take your choice."

♦

THE moral sense of Wall Street was shocked by the proposal emanating vaguely from somewhere in Washington

that the capital gains tax should be done away with and the provision be made retroactive.

"What," cried Wall Street, "shall the Government profit by our gains in '29 and in previous years and not let us take advantage of our losses in '31?"

"And," the gossips add, "think of the plight of those who had been selling to 'establish tax losses' if it availed them nothing."

♦

THE flight from the securities companies continues. The Guaranty Trust Company has cut the stock of the Guaranty Company from $20,000,000 to $10,000,000 and the Hibernia Trust Company is divorcing the Hibernia Investing Company. The latter is taking as its maiden name Newkroy Corporation.

The Chase National recently took steps to reduce the capital of the Chase Securities which owns all the stock of the Chase Harris Forbes Corporation. Other banks which have given up their security affiliates are the Bankers' Trust, Chemical Bank and Trust, Bank of Manhattan Trust.

♦

FRAZIER, Jelke & Company, a stock exchange house, took their pencils out the other day and figured that in December 41 per cent of the shares listed on the New York Stock Exchange were selling for $10 or less, that 66 per cent were under $25 and only five per cent were being sold on the Exchange for more than $100.

This record of low prices isn't due solely to poor business. It's due partly to the era of split ups, stock dividends and mergers that went on during the seven year boom in common stocks that closed in the fall of 1929.

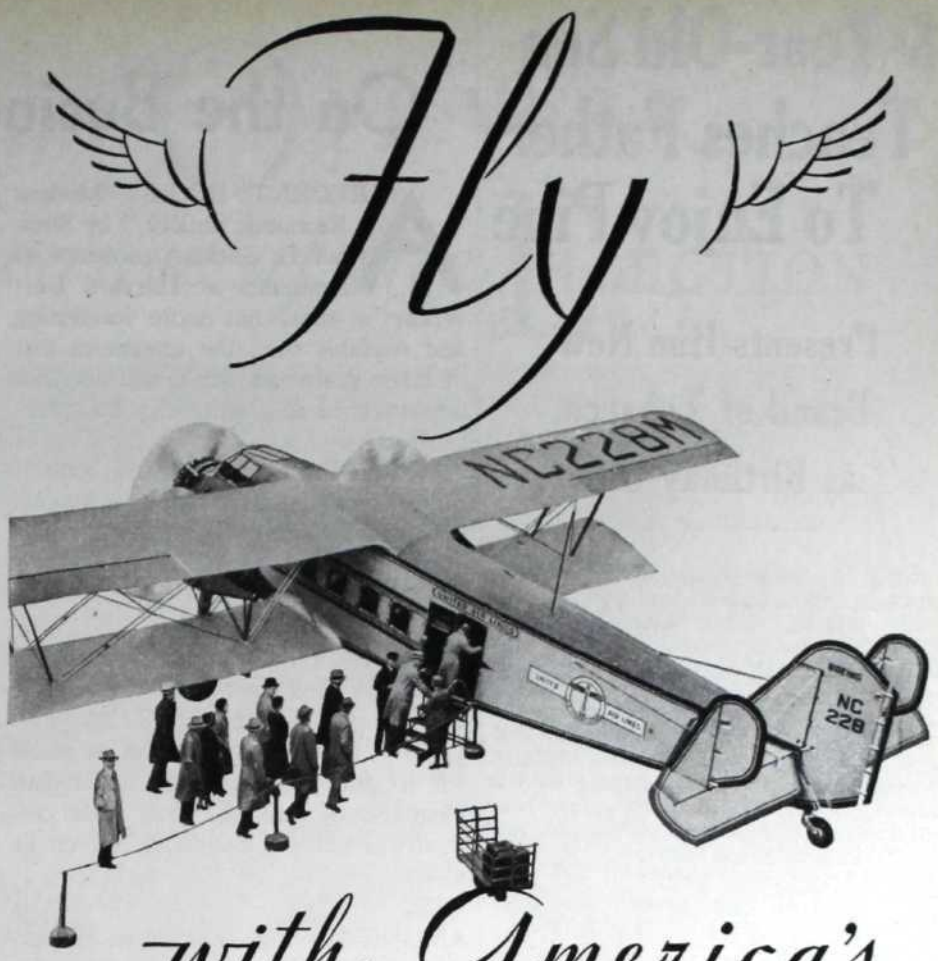
That's why we have 72 companies each of which has more than 5,000,000 shares and ten which have more than 20,000,000. Divide present day profits into 20 million pieces and the result seems small.

♦

IF PRICES were wild in 1929, perhaps they're equally wild just now in the other direction.

Brokers will point out to you that there are corporations whose actual cash, let alone their other physical assets, equals or exceeds the stock values at present market prices. There are many whose asset value is far in excess of the market value of the stock.

Of course, you can't buy these shares and look for an immediate division of the properties.



with America's

WHO'S WHO

FLY your next trip in a United Air Lines plane. As you lounge in an easy chair, note your fellow passengers . . . the gentleman across the aisle is, as likely as not, a Wall Street broker; the man at his side, a United States Senator. Perhaps the young lady enjoying her lunch aloft is a screen idol.

Nationally known business men and women—America's Who's Who—fly "United" because: They realize that the airplane has come into its own as a vital unit in America's scheme of transportation—that modern business can not neglect the time saving which air travel provides.

"United" serves 42 cities in 18 states, day and night, with plane and rail connections to scores of other places, 35 million miles flying experience are back of every United Air Lines flight.

"United" makes New York but a business day away from San Francisco or Los Angeles, or Chicago but 6½ hours from New York! San Diego to Seattle, Chicago to Denver or Cleveland to Dallas—all daylight jaunts!

New Low Rates

Now it costs substantially less to travel by air via United Air Lines. Drastic rate reductions affect 136 cities. Some examples: New York to Chicago, $47.95; to Los Angeles, San Francisco, Portland, Tacoma, Seattle, Spokane, $160. Chicago to above mentioned points, $115. 10% reduction on Round Trips. Plan now to make your next trip by air.

Call United Air Lines in your city, or Western Union, or transportation desks at leading Hotels and Travel Bureaus for reservations, or write or wire UNITED AIR LINES, La Salle-Wacker Building, Chicago, Illinois. A Booklet describing "United" operations and routes will be sent upon request.

Pioneer air mail passenger plane operators on five strategic routes



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Subsidiary of United Aircraft and Transport Corporation

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8-Year-Old Son Teaches Father To Enjoy Pipe

Presents Him New Brand of Tobacco as Birthday Gift

Elmer C. Burg's eight-year-old son was puzzled to know what to do to remember his Dad's birthday. But an advertisement for Edgeworth tobacco offering a free sample solved his problem.

The advertisement seemed to convince the young lad that here was something his Dad would appreciate — and on his birthday morning Mr. Burg was presented with a sample package of Edgeworth. Just how much Mr. Burg appreciated this gift can best be judged by his letter.

Hamilton, Ohio
May 6, 1931

Larus & Bro. Co.
Richmond, Va.

Gentlemen:

Regarding the sample of Edgeworth Smoking Tobacco that you mailed to me, I wish to thank you for your kindness and say that I enjoyed the smoke and since have purchased more.

My eight-year-old son clipped your coupon and gave me the tobacco on my birthday. He said that after he read the advertisement he thought I would like to smoke a tobacco that was as good as you described Edgeworth to be.

Well, he certainly hit the nail on the head. And you are to be congratulated on an advertisement that would attract the attention of an eight-year-old boy who has the interests of his Dad at heart.

Sincerely yours,
Elmer C. Burg

Any advertisement that "sells" an eight-year-old boy *must* be convincing—but there certainly was more truth than fiction in it, for Mr. Burg has been a confirmed Edgeworth fan since his birthday gift.

Your name and address, sent to Larus & Brother Co. at 119 S. 22d St., Richmond, Va., will bring you a generous sample packet of Edgeworth. If you get the smoking enjoyment out of it that most men do, you can be sure of finding the same fine quality in the Edgeworth you buy at any tobacco store, for Edgeworth is always the same.



You can buy it in two forms — Edgeworth Ready-Rubbed and Edgeworth Plug Slice. All sizes from the 15-cent pocket package to the pound humidor tin. And, by the way, you'll enjoy listening to the Dixie Spiritual Singers as they sing in the Edgeworth Factory over the N.B.C. Blue Network every Thursday evening.

On the Business Bookshelf

A RECENT BOOK, "Modern Economic Society,"[1] by Sumner H. Slichter, professor of economics at Harvard University is somewhat more interesting and readable than the economics text of a few years ago, but it still does not attain our ideal of simplicity and practicality.

Withal, Professor Slichter's book is quite sympathetic to the reader. He takes a wide view of economics and tells an interesting story.

♦

ANNUALLY the National Association of Credit Men publishes "The Credit Manual of Commercial Laws with Diary."[2] It is, we think, most valuable for its synopsis, in easily understood language, of business laws. It is certainly a practical handbook for credit men.

♦

AMONG the high points, we should say, in Will Durant's "A Program for America,"[3] are the help of agriculture by putting farming under the advice and control of the Department of Agriculture, putting banks and all finance under the control of the Department of the Treasury, and putting industry and trade under the control of the Department of Commerce.

That seems to let Government control business unduly, but his next point, a revision of our political system, might avoid the usual difficulties of this system. He would have many universities start schools of government as some of the largest have already done. These schools would provide trained men for public service. Parties would be afraid, eventually, to run untrained men for public offices. With trained men occupying governmental positions from the lowest to the highest, many of our problems could be tackled more safely by Government.

His program is very skeletonized, but interesting.

♦

WHETHER the thought originates with the theorist, or student of retail business, or with the hard-boiled and successful merchant, the conclusion invariably reached today is the utter necessity of so-called scientific practices in store operation.

In "The Seven Keys to Retail Profits,"[4] Mr. Bedell has used in a most natural manner the most happy of writing styles—a sincere, easy-to-read, straight-down-the-alley treatment of modern retail store operation. Substituted for high-flown and ponderous language is a simple, practical story of basic fundamentals making for success in retailing. For each "why" there is a "how."

Mr. Bedell has used the direct second person generously. He has much to say and he says it in a friendly, intimate way. Fred and Bob, two retailers, are frequently used to emphasize points in a human, common-sense manner.

In key number one, which is to spread the merchandise investment over the maximum number of fast-turning, wanted items, Mr. Bedell's "Five-Point Star Test" covers the essential, elementary features of profitable merchandise, the five points being (1) right type, style or kind of merchandise, (2) popular appeal, (3) real value, (4) popular price, (5) right packaging. The vital element of control systems in successful merchandising is covered under the "profit machine with control gauges."

A series of forewords by a number of persons, prominently identified with distribution, points out the book's adaptability to needs of trade organizations, wholesalers, manufacturers and salesmen.

But to the retailer himself it presents a readable, human, practical, thorough and exceedingly helpful guidebook to increased success in business.

♦

"TO DO something toward the reduction of the colossal volume of dead stock on the retailers' shelves" is the avowed purpose of Charles C. Casey in writing "Why I Don't Sell Substitutes."[5]

This book contains several good pointers for retailers told in easy, readable style.

[1] **Modern Economic Society,** by Sumner H. Slichter. Henry Holt and Company, New York, $4.

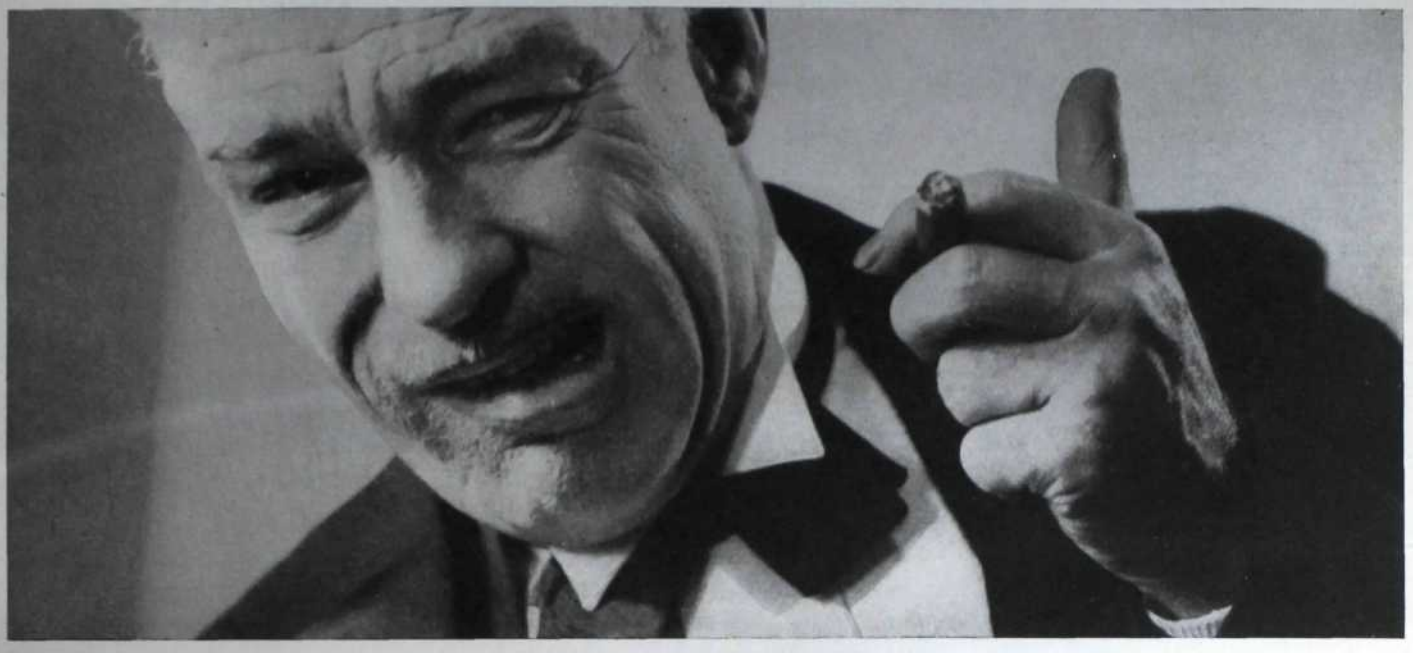
[2] **The Credit Manual of Commercial Laws with Diary,** 1932. National Association of Credit Men.

[3] **A Program for America,** by Will Durant. Simon and Schuster, New York.

[4] **The Seven Keys to Retail Profits,** by Clyde Bedell. McGraw-Hill Book Co., Inc., New York, $3.50.

[5] **Why I Don't Sell Substitutes,** by Charles C. Casey. The Dartnell Corporation, Chicago, $1.85.

This'll be an OFF YEAR *Because of the* ELECTION



★ POPULAR FALLACIES OF BUSINESS ★

"YOU CAN'T expect good business in 1932; it's a presidential election year."

In hundreds of business organizations this remark is going the rounds. As a result, budgets are trimmed, production schedules lowered, sales morale allowed to sag. And fallacy—in the guise of a hoary tradition—wrings new toll from American business.

Fortunately the idea that election years inevitably are poor business years has not gone unchallenged. The National Industrial Conference Board has compiled records of business during presidential election years from 1880. Here is what the figures show:

Business was distinctly above normal in four of these years; it was prevailingly above normal in two others. Business was definitely below normal in four years and "spotty" in two others. According to this showing the chances are even that business will be generally good in a presidential election year.

In only one election year, 1896, was subnormal business directly traceable to campaign conditions. In that year the "free silver issue"—an issue based on fallacy—threw business into uncertainty.

The plain truth is that an election year does nothing to disturb business unless fallacious and disturbing ideas find expression in dominant campaign programs. And to help prevent *that*—to show the hampering effects on business of unwise tax burdens, governmental interference, currency experiments, artificial trade barriers—*Nation's Business* is published—has been for twenty years.

You want to read *Nation's Business* regularly because of the service it renders to business, as well as for the help it can be to you in the conduct of your own affairs. The subscription price is $7.50 for three years.

★

WHAT POPULAR FALLACY MISREPRESENTS *YOUR* BUSINESS

This advertisement, one of a series on the popular fallacies of business, is designed to serve business by creating a better understanding of its problems.

Every industry, every business, has its popular misunderstandings. Write me personally of yours. They will be discussed currently in *Nation's Business*, and, through courtesy of the National Broadcasting Company, over a nation-wide radio hook-up. MERLE THORPE, *Editor*

As an advertising medium Nation's Business, in one representative city for example, reaches 93% of the 250 leading business establishments with an average of 5.4 executive subscribers in each.



NATION'S BUSINESS

300,000 CIRCULATION • ON NEWS-STANDS 25 CENTS

PUBLISHED MONTHLY AT WASHINGTON

BY THE UNITED STATES CHAMBER OF COMMERCE

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THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

Why Not Study Advertising?

IF BUSINESS management would put the same thinking back of its advertising appropriations that it uses in laying out a financing, manufacturing, or selling program, greater returns would be realized on the advertising dollar.

Many a tired business man has burned the midnight oil studying the relative merits of bonds, preferred stock, or just a loan from the bank, as they might be applied to his particular worries. And just as many have been known to spend an evening studying factory layouts, bonus systems vs. straight piece work, the relation of direct to indirect labor, and the ever present ghost called unabsorbed burden.

But who ever heard of a president, or a general manager, spending his evenings with books on advertising?

The peculiar thing about this whole situation is that most books on advertising are easier to read than similar books on other phases of business, for they are written by men who have been trained to interest people by means of the printed word.

If, as, and when industrial and business executives decide that advertising expenditures deserve the same thought and study that other phases of business receive; there will be many changes in advertising. There will be fewer pictures of the factory and its founder. There will be less space bought and fewer publications left off the list because of the bosses' personal reading preferences. There may in fact be fewer advertising dollars spent in total—but the return on each one will be greater.

WILLIAM C. WHITE, *Adv. Mgr.*
Aluminum Company of America



Would you throw that over again to prove it's a seven?

YOU see it's a seven. You instantly check it's a seven. You know it's a seven. It is proved beyond shadow of doubt.

So it is with business figures calculated on The New Noiseless Monroe. You have instant "Spot-Proof" of the accuracy of each step in every problem as that step is done. And the accuracy of the final answer is "Spot-Proved" right on the machine.

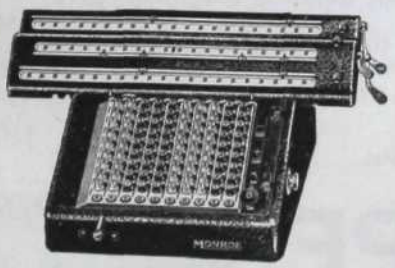
Find out what refiguring to prove the accuracy of figures is costing your business. It is a cost that Monroe "Spot-Proof" can do away with.

"Spot-Proof" is possible because of revolutionary new features of The Noiseless Monroe: new shadow-ring keyboard; new accumulator dials — negative and positive; new half-cent and split dials.

The pamphlet "Spot-Proof" will give you further information on this far-reaching, new economy in business figuring. It shows such definite problems as a pay-roll, an invoice and a proration done the Monroe "Spot-Proof" way. Send the coupon today for your copy.

The New Noiseless Monroe

Unbelievably quiet. Speedy. Handy in size, and 20 to 25 pounds lighter than other calculating machines of like capacity.



MONROE

HIGH SPEED ADDING-CALCULATOR

The Machine for Every Desk

Monroe Calculating Machine Company, Inc., Orange, New Jersey.
Please send me a copy of "Spot-Proof".

Name_____

Address_____

City_____ State_____

ARE *you* THE MAN—



who will "HEAR ABOUT IT LATER"?

WHEN a new building is piped, or when repairs are made in piping systems, someone must take the responsibility. Someone must say, "I chose that material".

Are YOU that man? And will you ignore the pipe material that has proved its ability to eliminate pipe failure throughout the entire life of the building?

That pipe is Reading Puddled Iron Pipe—the kind of pipe today that in tens of thousands of installations, over generations of use, for thousands of purposes, has demonstrated that it can stand up!

No so-called modern "iron" pipe can do more than claim similar virtues. No pipe material used for merely ten years or so has shown its immunity to all the attacks that pipe must endure.

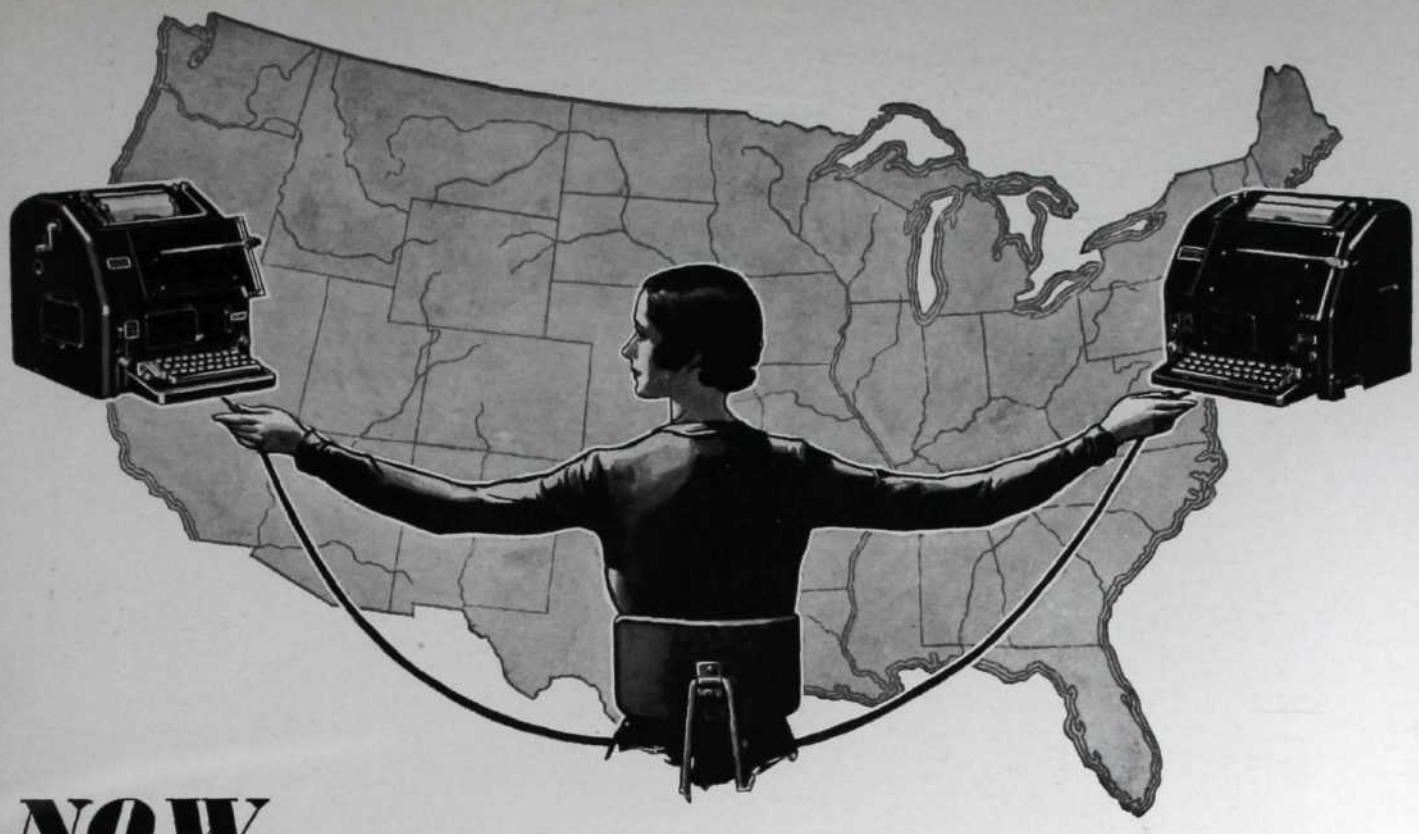
Make your installations *safe* today by specifying the pipe that gives proved protection from trouble—Reading Puddled Iron Pipe, the pipe that has withstood the tests of time.

Write us today—let Reading Engineers give you the *facts* about the kind of Reading Puddled Iron Pipe that will best meet your needs.

READING IRON COMPANY, Philadelphia, Pa.

READING PIPE
PUDDLED IRON
Since 1863

Science and Invention Have Never Found a Satisfactory Substitute for Genuine Puddled Iron



NOW . . .

a new teletypewriter service

TELETYPEWRITER exchanges, similar to telephone exchanges, now make it possible for any subscriber to this service to typewrite by wire instantly to any other subscriber, whether he be around the corner or across the continent. Subscribers can type back and forth by wire for short or long periods, just as they now talk by telephone.

Messages, inquiries, reports — typed in your office — are instantly and accurately reproduced on any other subscriber's teletypewriter. Identical typewritten copies, made by both sending and receiving machines, are available for permanent records.

This new service differs from existing private-line teletypewriter service in that any subscriber may ask for any other subscriber and be connected immediately. The cost is low.

- Teletypewriter Service provides two-way communication.
- Speed of connection is as fast as telephone service.
- A typewritten record, one or more copies, is produced simultaneously by both sending and receiving machines.
- Material transmitted may be recorded on forms if desired.
- Teletypewriters are like ordinary typewriters in appearance.
- Teletypewriters can be operated by any one who can operate a typewriter.
- You can use Teletypewriter Service any time you need it.
- A most economical form of record communication.

FOR FURTHER INFORMATION JUST CALL AMERICAN TELEPHONE & TELEGRAPH CO. BELL SYSTEM AND ASSOCIATED COMPANIES **YOUR BELL TELEPHONE BUSINESS OFFICE**



"There's none so good as LUCKIES"

SHE'S MISCHIEVOUS, RESTLESS AND 20, WEIGHS 112 POUNDS. Miss Harlow has smoked Luckies for two years . . . not one cent was paid for her signed statement. She rose to stardom in "Hell's Angels" . . . and if you've seen her new COLUMBIA PICTURE, "THREE WISE GIRLS," you'll understand why thousands of girls are trying to match her riotous platinum blonde locks. We appreciate all she writes of Luckies, and so we say, "Thanks, Jean Harlow."

"I've tried all cigarettes and there's none so good as LUCKIES. And incidentally I'm careful in my choice of cigarettes. I have to be because of my throat. Put me down as one who always reaches for a LUCKY. It's a real delight to find a Cellophane wrapper that opens without an ice pick." Jean Harlow

"It's toasted"

Your Throat Protection—against Irritation—against Cough

And Moisture-Proof Cellophane Keeps that "Toasted" Flavor Ever Fresh

Copr., 1932, The American Tobacco Co.